

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

EXAMINATION REPORT
OF
BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
WHITE COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
08/11/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marilyn Blessing	01-01-09 to 12-31-11
Treasurer	Blanche E. Wall	01-01-09 to 12-31-11
President of the Board	Lelan McReynolds Cheryl Butz	01-01-09 to 12-31-10 01-01-11 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BROOKSTON PRAIRIE
TOWNSHIP PUBLIC LIBRARY, WHITE COUNTY, INDIANA

We have examined the financial statements of the Brookston Prairie Township Public Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Library's management, and Library Board and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 28, 2011

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FINANCIAL STATEMENT(S)

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating	\$ 1,834	\$ 153,668	\$ 155,555	\$ (53)
Petty Cash	40	-	-	40
PLAC	-	180	90	90
Gifts & Memorials	77,506	30,586	33,377	74,715
Rainy Day Fund	10,461	12,982	11,129	12,314
Lease/Rental	13,593	97,808	105,573	5,828
LIRF	41,175	1,836	-	43,011
Totals	<u>\$ 144,609</u>	<u>\$ 297,060</u>	<u>\$ 305,724</u>	<u>\$ 135,945</u>

The notes to the financial statement(s) are an integral part of this statement.

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ (53)	\$ 276,223	\$ 213,463	\$ 62,707
Petty Cash	40	-	-	40
Gift Fund	74,715	65,103	46,832	92,986
Rainy Day	12,314	47,608	34,917	25,005
Levy Excess	-	509	-	509
Lease/Rental	5,828	148,379	112,815	41,392
LIRF	43,011	12,642	-	55,653
PLAC	90	30	120	-
Totals	<u>\$ 135,945</u>	<u>\$ 550,494</u>	<u>\$ 408,147</u>	<u>\$ 278,292</u>

The notes to the financial statement(s) are an integral part of this statement.

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and provides culture services.

The accompanying financial statements present the financial information for the Library (primary government), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Library (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Fines and fees which include receipts derived from the collection of fines and penalties imposed as a result of books which were kept beyond the due dates or lost (fines), and for charges for copies of public records, copy machine charges, and rental fees (fees).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 5. Risk Management

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Library by recording as a disbursement any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Brookston Prairie Township Public Library's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	<u>Operating</u>	<u>Petty Cash</u>	<u>PLAC</u>	<u>Gifts & Memorials</u>	<u>Rainy Day Fund</u>	<u>Lease/Rental</u>	<u>LIRF</u>	<u>Totals</u>
Cash and investments - beginning	\$ 1,834	\$ 40	\$ -	\$ 77,506	\$ 10,461	\$ 13,593	\$ 41,175	\$ 144,609
Receipts:								
Taxes	65,712	-	-	-	-	64,739	-	130,451
Intergovernmental	62,442	-	-	11,800	1,853	6,496	-	82,591
Fines and forfeits	3,773	-	-	-	-	-	-	3,773
Other receipts	21,741	-	180	18,786	11,129	26,573	1,836	80,245
Total receipts	<u>153,668</u>	<u>-</u>	<u>180</u>	<u>30,586</u>	<u>12,982</u>	<u>97,808</u>	<u>1,836</u>	<u>297,060</u>
Disbursements:								
Personal services	84,597	-	-	-	-	-	-	84,597
Supplies	3,624	-	-	250	-	-	-	3,874
Other services and charges	39,343	-	-	1,751	-	-	-	41,094
Capital outlay	17,313	-	-	6,409	-	-	-	23,722
Other disbursements	10,678	-	90	24,967	11,129	105,573	-	152,437
Total disbursements	<u>155,555</u>	<u>-</u>	<u>90</u>	<u>33,377</u>	<u>11,129</u>	<u>105,573</u>	<u>-</u>	<u>305,724</u>
Excess (deficiency) of receipts over disbursements	<u>(1,887)</u>	<u>-</u>	<u>90</u>	<u>(2,791)</u>	<u>1,853</u>	<u>(7,765)</u>	<u>1,836</u>	<u>(8,664)</u>
Cash and investments - ending	<u>\$ (53)</u>	<u>\$ 40</u>	<u>\$ 90</u>	<u>\$ 74,715</u>	<u>\$ 12,314</u>	<u>\$ 5,828</u>	<u>\$ 43,011</u>	<u>\$ 135,945</u>

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>Operating</u>	<u>Petty Cash</u>	<u>Gift Fund</u>	<u>Rainy Day</u>	<u>Levy Excess</u>	<u>Lease/Rental</u>	<u>LIRF</u>	<u>PLAC</u>	<u>Totals</u>
Cash and investments - beginning	\$ (53)	\$ 40	\$ 74,715	\$ 12,314	\$ -	\$ 5,828	\$ 43,011	\$ 90	\$ 135,945
Receipts:									
Taxes	161,086	-	-	-	509	107,201	-	-	268,796
Intergovernmental	55,965	-	12,650	12,691	-	7,362	-	-	88,668
Fines and forfeits	2,290	-	-	-	-	-	-	-	2,290
Other receipts	56,882	-	52,453	34,917	-	33,816	12,642	30	190,740
Total receipts	<u>276,223</u>	<u>-</u>	<u>65,103</u>	<u>47,608</u>	<u>509</u>	<u>148,379</u>	<u>12,642</u>	<u>30</u>	<u>550,494</u>
Disbursements:									
Personal services	88,831	-	-	-	-	-	-	-	88,831
Supplies	4,245	-	-	-	-	-	-	-	4,245
Other services and charges	30,079	-	-	-	-	-	-	-	30,079
Capital outlay	17,756	-	-	-	-	-	-	-	17,756
Other disbursements	72,552	-	46,832	34,917	-	112,815	-	120	267,236
Total disbursements	<u>213,463</u>	<u>-</u>	<u>46,832</u>	<u>34,917</u>	<u>-</u>	<u>112,815</u>	<u>-</u>	<u>120</u>	<u>408,147</u>
Excess (deficiency) of receipts over disbursements	<u>62,760</u>	<u>-</u>	<u>18,271</u>	<u>12,691</u>	<u>509</u>	<u>35,564</u>	<u>12,642</u>	<u>(90)</u>	<u>142,347</u>
Cash and investments - ending	<u>\$ 62,707</u>	<u>\$ 40</u>	<u>\$ 92,986</u>	<u>\$ 25,005</u>	<u>\$ 509</u>	<u>\$ 41,392</u>	<u>\$ 55,653</u>	<u>\$ -</u>	<u>\$ 278,292</u>

BROOKSTON PRAIRIE TOWNSHIP LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2010

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	\$ 1,700
Building	846,533
Improvements other than buildings	3,500
Machinery and equipment	<u>131,313</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 983,046</u>

BROOKSTON PRAIRIE TOWNSHIP LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2010

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Expansion and Remodeling	\$ 178,404	\$ 79,000

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULT(S) AND COMMENT(S)

TEMPORARY TRANSFER OF FUNDS

Temporary transfers to the Operating Fund of \$9,800 and \$765 were made in 2008 from the Library Improvement Reserve Fund (LIRF) and the Gift Fund, respectively. These transfers were not repaid until 2010. Additionally, a temporary transfer of \$8,375 was made in 2009 from the Gift Fund to the Operating Fund and was not repaid until 2010.

Indiana Code 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

OVERDRAWN FUND BALANCES

The Operating Fund was overdrawn in 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

BROOKSTON PRAIRIE TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2011, with Marilyn Blessing, Director, and Julie Reel, Vice President of the Board. The officials concurred with our findings.