

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, 2009 to December 31, 2010



FILED
08/16/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement(s):	
Statement(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement(s).....	7-11
Supplementary Information:	
Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Capital Assets.....	18
Schedule of Long-Term Debt	19
Exit Conference.....	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Colleen McCarty	01-01-09 to 12-31-11
Treasurer	Rita Lawson Alfred Nyby	01-01-09 to 12-12-10 12-13-10 to 12-31-11
President of the Board	James Hahn	01-01-09 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CULVER-UNION TOWNSHIP
PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

We have examined the financial statement(s) of the Culver-Union Township Public Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statement(s). 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 statement 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 statement(s) 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. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement(s) 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 statement(s). They have not been subjected to the examination procedures applied to the financial statement(s) 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

July 27, 2011

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FINANCIAL STATEMENT(S)

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2009 And 2010

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 285,032	\$ 505,022	\$ 425,372	\$ 364,682
Payroll Withholdings	216	3,056	1,932	1,340
Library Improvement Reserve Fund	-	23,873	2,802	21,071
LIRF Investment	39,976	411	40,387	-
General Gift Fund	1,534	5,268	90	6,712
Children's Gift Fund	557	526	118	965
Well's Gift Fund	4	-	-	4
Finney Trust Gift Fund	469	1,505	-	1,974
Marmon Gift Fund Principal	3,200	299	-	3,499
Marmon Gift Fund Interest	442	-	-	442
Rainy Day	62,710	-	-	62,710
The Big Read Grant	-	11,241	14,041	(2,800)
Humbert Gift Fund	-	124,525	-	124,525
Bond and Interest Redemption	76,529	224,390	201,000	99,919
Totals	<u>\$ 470,669</u>	<u>\$ 900,116</u>	<u>\$ 685,742</u>	<u>\$ 685,043</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 364,682	\$ 457,043	\$ 499,657	\$ 322,068
Payroll Withholdings	1,340	4,684	4,778	1,246
Library Improvement Reserve Fund	21,071	15,000	9,466	26,605
General Gift Fund	6,712	4,899	989	10,622
Children's Gift Fund	965	400	250	1,115
Well's Gift Fund	4	-	4	-
Finney Trust Gift Fund	1,974	58	-	2,032
Marmon Gift Fund Principal	3,499	46	-	3,545
Marmon Gift Fund Interest	442	-	-	442
Rainy Day	62,710	79,619	-	142,329
The Big Read Grant	(2,800)	2,800	-	-
Humbert Gift Fund	124,525	2,080	-	126,605
Levy Excess	-	1,459	-	1,459
Bond and Interest Redemption	99,919	209,896	201,000	108,815
Totals	<u>\$ 685,043</u>	<u>\$ 777,984</u>	<u>\$ 716,144</u>	<u>\$ 746,883</u>

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

CULVER - UNION 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 statement(s) presents 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 statement(s) 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.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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.

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

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.

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

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 and replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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:

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

	General	Payroll Withholdings	Library Improvement Reserve Fund	LIRF Investment	General Gift Fund	Children's Gift Fund	Well's Gift Fund	Finney Trust Gift Fund
Cash and investments - beginning	\$ 285,032	\$ 216	\$ -	\$ 39,976	\$ 1,534	\$ 557	\$ 4	\$ 469
Receipts:								
Taxes	288,353	-	-	-	-	-	-	-
Intergovernmental	150,423	-	-	-	-	-	-	-
Charges for services	3,335	-	-	-	-	-	-	-
Fines and forfeits	7,453	-	-	-	-	-	-	-
Other receipts	55,458	3,056	23,873	411	5,268	526	-	1,505
Total receipts	<u>505,022</u>	<u>3,056</u>	<u>23,873</u>	<u>411</u>	<u>5,268</u>	<u>526</u>	<u>-</u>	<u>1,505</u>
Disbursements:								
Personal services	255,378	1,904	-	-	-	-	-	-
Supplies	8,508	-	-	-	90	118	-	-
Other services and charges	93,865	-	-	-	-	-	-	-
Capital outlay	52,621	-	2,802	-	-	-	-	-
Other disbursements	15,000	28	-	40,387	-	-	-	-
Total disbursements	<u>425,372</u>	<u>1,932</u>	<u>2,802</u>	<u>40,387</u>	<u>90</u>	<u>118</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>79,650</u>	<u>1,124</u>	<u>21,071</u>	<u>(39,976)</u>	<u>5,178</u>	<u>408</u>	<u>-</u>	<u>1,505</u>
Cash and investments - ending	<u>\$ 364,682</u>	<u>\$ 1,340</u>	<u>\$ 21,071</u>	<u>\$ -</u>	<u>\$ 6,712</u>	<u>\$ 965</u>	<u>\$ 4</u>	<u>\$ 1,974</u>

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Marmon Gift Fund Principal	Marmon Gift Fund Interest	Rainy Day	The Big Read Grant	Humbert Gift Fund	Bond and Interest Redemption	Totals
Cash and investments - beginning	\$ 3,200	\$ 442	\$ 62,710	\$ -	\$ -	\$ 76,529	\$ 470,669
Receipts:							
Taxes	-	-	-	-	-	213,322	501,675
Intergovernmental	-	-	-	11,241	-	11,068	172,732
Charges for services	-	-	-	-	-	-	3,335
Fines and forfeits	-	-	-	-	-	-	7,453
Other receipts	299	-	-	-	124,525	-	214,921
Total receipts	<u>299</u>	<u>-</u>	<u>-</u>	<u>11,241</u>	<u>124,525</u>	<u>224,390</u>	<u>900,116</u>
Disbursements:							
Personal services	-	-	-	2,600	-	-	259,882
Supplies	-	-	-	583	-	-	9,299
Other services and charges	-	-	-	6,166	-	-	100,031
Capital outlay	-	-	-	4,692	-	201,000	261,115
Other disbursements	-	-	-	-	-	-	55,415
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,041</u>	<u>-</u>	<u>201,000</u>	<u>685,742</u>
Excess (deficiency) of receipts over disbursements	<u>299</u>	<u>-</u>	<u>-</u>	<u>(2,800)</u>	<u>124,525</u>	<u>23,390</u>	<u>214,374</u>
Cash and investments - ending	<u>\$ 3,499</u>	<u>\$ 442</u>	<u>\$ 62,710</u>	<u>\$ (2,800)</u>	<u>\$ 124,525</u>	<u>\$ 99,919</u>	<u>\$ 685,043</u>

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

	General	Payroll Withholdings	Library Improvement Reserve Fund	General Gift Fund	Children's Gift Fund	Well's Gift Fund	Finney Trust Gift Fund	Marmon Gift Fund Principal
Cash and investments - beginning	\$ 364,682	\$ 1,340	\$ 21,071	\$ 6,712	\$ 965	\$ 4	\$ 1,974	\$ 3,499
Receipts:								
Taxes	277,789	-	-	-	-	-	-	-
Intergovernmental	156,724	-	-	-	-	-	-	-
Charges for services	3,705	-	-	-	-	-	-	-
Fines and forfeits	7,369	-	-	-	-	-	-	-
Other receipts	11,456	4,684	15,000	4,899	400	-	58	46
Total receipts	457,043	4,684	15,000	4,899	400	-	58	46
Disbursements:								
Personal services	272,574	4,392	-	-	-	-	-	-
Supplies	8,056	-	-	10	115	4	-	-
Other services and charges	89,851	-	-	90	135	-	-	-
Capital outlay	57,876	-	9,466	889	-	-	-	-
Other disbursements	71,300	386	-	-	-	-	-	-
Total disbursements	499,657	4,778	9,466	989	250	4	-	-
Excess (deficiency) of receipts over disbursements	(42,614)	(94)	5,534	3,910	150	(4)	58	46
Cash and investments - ending	\$ 322,068	\$ 1,246	\$ 26,605	\$ 10,622	\$ 1,115	\$ -	\$ 2,032	\$ 3,545

CULVER - UNION TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Marmon Gift Fund Interest	Rainy Day	The Big Read Grant	Humbert Gift Fund	Levy Excess	Bond and Interest Redemption	Totals
Cash and investments - beginning	\$ 442	\$ 62,710	\$ (2,800)	\$ 124,525	\$ -	\$ 99,919	\$ 685,043
Receipts:							
Taxes	-	-	-	-	-	199,864	477,653
Intergovernmental	-	23,319	2,800	-	1,459	10,032	194,334
Charges for services	-	-	-	-	-	-	3,705
Fines and forfeits	-	-	-	-	-	-	7,369
Other receipts	-	56,300	-	2,080	-	-	94,923
Total receipts	-	79,619	2,800	2,080	1,459	209,896	777,984
Disbursements:							
Personal services	-	-	-	-	-	-	276,966
Supplies	-	-	-	-	-	-	8,185
Other services and charges	-	-	-	-	-	-	90,076
Capital outlay	-	-	-	-	-	201,000	269,231
Other disbursements	-	-	-	-	-	-	71,686
Total disbursements	-	-	-	-	-	201,000	716,144
Excess (deficiency) of receipts over disbursements	-	79,619	2,800	2,080	1,459	8,896	61,840
Cash and investments - ending	\$ 442	\$ 142,329	\$ -	\$ 126,605	\$ 1,459	\$ 108,815	\$ 746,883

CULVER-UNION TOWNSHIP PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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	\$ 170,500
Buildings	2,510,000
Improvements other than buildings	200,346
Machinery, materials, and equipment	<u>616,716</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 3,497,562</u>

CULVER-UNION TOWNSHIP PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 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:		
Building expansion and renovation	\$ 1,755,000	\$ 201,000

CULVER-UNION TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2011, with Alfred Nyby, Treasurer, and Colleen McCarty, Director. Our examination disclosed no material items that warrant comment at this time.