

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

COVINGTON-VEEDERSBURG PUBLIC LIBRARY

FOUNTAIN COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
10/31/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Regina George	01-01-09 to 12-31-11
Treasurer	Nancy J. Wagner	01-01-09 to 12-31-11
President of the Board	John Shambach Sue L. Holmes	01-01-09 to 12-31-09 01-01-10 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF COVINGTON-VEEDERSBURG
PUBLIC LIBRARY, FOUNTAIN COUNTY, INDIANA

We have examined the financial statements of Covington-Veedersburg 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. The basis noted above is a different basis than that used in the prior year.

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 Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Capital Assets, 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 Board of Library Trustees, 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

August 29, 2011

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Library.
The financial statements and notes are presented as intended by the Library.

COVINGTON - VEEDERSBURG 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	\$ 26,766	\$ 326,494	\$ 255,213	\$ 98,047
Petty Cash	150	-	-	150
Cash Change	20	60	-	80
State Grant	-	672	672	-
Gifts And Grants Fund	56,153	21,115	27,844	49,424
Rainy Day	6,132	4,009	-	10,141
Library Capital Projects	15,908	37,487	23,920	29,475
Library Improvement Reserve	40,858	333	6,403	34,788
Payroll Withholdings	-	25,147	25,073	74
Totals	<u>\$ 145,987</u>	<u>\$ 415,317</u>	<u>\$ 339,125</u>	<u>\$ 222,179</u>

The notes to the financial statements are an integral part of this statement.

COVINGTON - VEEDERSBURG 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	\$ 98,047	\$ 374,453	\$ 367,129	\$ 105,371
Petty Cash	150	-	-	150
Cash Change	80	-	-	80
Fountain Co. Auditor Reimbursement	-	7,174	7,174	-
Gift and Grants Fund	49,424	57,168	63,761	42,831
Rainy Day	10,141	27,224	32,445	4,920
Levy Excess	-	555	-	555
Library Capital Projects	29,475	42,702	63,457	8,720
Library Improvement Reserve	34,788	59,084	70,983	22,889
Payroll Withholding	74	28,433	28,476	31
Totals	<u>\$ 222,179</u>	<u>\$ 596,793</u>	<u>\$ 633,425</u>	<u>\$ 185,547</u>

The notes to the financial statements are an integral part of this statement.

COVINGTON - VEEDERSBURG PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

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.

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.

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.

COVINGTON - VEEDERSBURG PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

COVINGTON - VEEDERSBURG PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(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.

COVINGTON - VEEDERSBURG PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(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 and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Library which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Library. It is presented as intended by the Library.

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

	Operating	Petty Cash	Cash Change	State Grant	Gifts And Grants Fund	Rainy Day	Library Capital Projects	Library Improvement Reserve	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 26,766	\$ 150	\$ 20	\$ -	\$ 56,153	\$ 6,132	\$ 15,908	\$ 40,858	\$ -	\$ 145,987
Receipts:										
Taxes	210,397	-	-	-	-	-	32,666	-	-	243,063
Intergovernmental	96,573	-	-	672	-	4,009	4,821	-	-	106,075
Charges for services	6,614	-	-	-	-	-	-	-	-	6,614
Fines and forfeits	6,674	-	-	-	-	-	-	-	-	6,674
Other receipts	6,236	-	60	-	21,115	-	-	333	25,147	52,891
Total receipts	326,494	-	60	672	21,115	4,009	37,487	333	25,147	415,317
Disbursements:										
Personal services	168,133	-	-	-	-	-	-	-	-	168,133
Supplies	7,042	-	-	-	6,361	-	-	-	-	13,403
Other services and charges	46,418	-	-	672	6,904	-	4,500	-	-	58,494
Capital outlay	28,560	-	-	-	3,441	-	19,420	6,403	-	57,824
Other disbursements	5,060	-	-	-	11,138	-	-	-	25,073	41,271
Total disbursements	255,213	-	-	672	27,844	-	23,920	6,403	25,073	339,125
Excess (deficiency) of receipts over disbursements	71,281	-	60	-	(6,729)	4,009	13,567	(6,070)	74	76,192
Cash and investments - ending	\$ 98,047	\$ 150	\$ 80	\$ -	\$ 49,424	\$ 10,141	\$ 29,475	\$ 34,788	\$ 74	\$ 222,179

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

	Operating	Petty Cash	Cash Change	Fountain Co. Auditor Reimbursement	Gift and Grants Fund	Rainy Day	Levy Excess	Library Capital Projects	Library Improvement Reserve	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 98,047	\$ 150	\$ 80	\$ -	\$ 49,424	\$ 10,141	\$ -	\$ 29,475	\$ 34,788	\$ 74	\$ 222,179
Receipts:											
Taxes	157,040	-	-	7,174	-	-	-	24,806	-	-	189,020
Intergovernmental	93,361	-	-	-	-	4,779	555	3,044	-	-	101,739
Charges for services	6,303	-	-	-	-	-	-	-	-	-	6,303
Fines and forfeits	6,938	-	-	-	-	-	-	-	-	-	6,938
Other receipts	110,811	-	-	-	57,168	22,445	-	14,852	59,084	28,433	292,793
Total receipts	374,453	-	-	7,174	57,168	27,224	555	42,702	59,084	28,433	596,793
Disbursements:											
Personal services	174,574	-	-	-	-	-	-	-	-	-	174,574
Supplies	7,836	-	-	-	4,351	-	-	-	-	-	12,187
Other services and charges	45,231	-	-	-	3,590	-	-	8,000	-	-	56,821
Capital outlay	29,935	-	-	-	13,442	10,000	-	22,674	12,000	-	88,051
Other disbursements	109,553	-	-	7,174	42,378	22,445	-	32,783	58,983	28,476	301,792
Total disbursements	367,129	-	-	7,174	63,761	32,445	-	63,457	70,983	28,476	633,425
Excess (deficiency) of receipts over disbursements	7,324	-	-	-	(6,593)	(5,221)	555	(20,755)	(11,899)	(43)	(36,632)
Cash and investments - ending	\$ 105,371	\$ 150	\$ 80	\$ -	\$ 42,831	\$ 4,920	\$ 555	\$ 8,720	\$ 22,889	\$ 31	\$ 185,547

COVINGTON-VEEDERSBURG 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	\$ 1,250
Buildings	52,345
Improvements other than buildings	45,841
Machinery & Equipment	150,697
Media	<u>812,148</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,062,282</u>

COVINGTON-VEEDERSBURG PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2011, with Regina George, Director, and Nancy J. Wagner, Treasurer. Our examination disclosed no material items that warrant comment at this time.