

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY

HENDRICKS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/18/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Loren Malloy	01-01-10 to 12-31-12
Treasurer	Keith Gill	01-01-10 to 12-31-12
President of the Board	Lawrence Nilles	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY,
HENDRICKS COUNTY, INDIANA

We have examined the financial statements of the Danville-Center Township Public Library (Library), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, 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, Library Board, and others within the entity 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 22, 2012

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FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating (General)	\$ 330,245	\$ 678,172	\$ 694,113	\$ 314,304
Gift	13,477	5,665	2,364	16,778
Rainy Day	197,223	31,053	-	228,276
Bond And Interest Redemption	113,514	242,903	244,000	112,417
Library Improvement Reserve	115,030	10,224	25,000	100,254
Payroll	1,723	81,795	81,205	2,313
Plac Card	150	500	500	150
Totals	<u>\$ 771,362</u>	<u>\$ 1,050,312</u>	<u>\$ 1,047,182</u>	<u>\$ 774,492</u>

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

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating(General)	\$ 314,304	\$ 677,631	\$ 720,021	\$ 271,914
Rainy Day	228,276	3,396	-	231,672
Library Improvement Reserve	100,254	31,792	18,710	113,336
Plac Card	150	700	600	250
Gift	16,778	895	3,686	13,987
Bond And Interest Redemption	112,417	240,118	245,000	107,535
Payroll	2,313	82,300	82,328	2,285
Totals	<u>\$ 774,492</u>	<u>\$ 1,036,832</u>	<u>\$ 1,070,345</u>	<u>\$ 740,979</u>

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

DANVILLE-CENTER TOWNSHIP 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.

The accompanying financial statements present the financial information for the Library.

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 include 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.

DANVILLE-CENTER TOWNSHIP 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 include 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.

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.

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Library's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 approved by management of the Library. It is presented as intended by the Library.

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

	Operating (General)	Gift	Rainy Day	Bond And Interest Redemption	Library Improvement Reserve	Payroll	Plac Card	Totals
Cash and investments - beginning	\$ 330,245	\$ 13,477	\$ 197,223	\$ 113,514	\$ 115,030	\$ 1,723	\$ 150	\$ 771,362
Receipts:								
Taxes	372,407	-	-	199,336	-	-	-	571,743
Intergovernmental	286,241	-	30,619	42,931	-	-	-	359,791
Charges for services	3,608	-	-	-	-	-	-	3,608
Fines and forfeits	15,311	-	-	-	-	-	-	15,311
Other receipts	605	5,665	434	636	10,224	81,795	500	99,859
Total receipts	<u>678,172</u>	<u>5,665</u>	<u>31,053</u>	<u>242,903</u>	<u>10,224</u>	<u>81,795</u>	<u>500</u>	<u>1,050,312</u>
Disbursements:								
Personal services	465,865	-	-	-	-	-	-	465,865
Supplies	19,802	-	-	-	-	-	-	19,802
Other services and charges	111,388	-	-	244,000	-	-	-	355,388
Capital outlay	87,058	-	-	-	25,000	-	-	112,058
Other disbursements	10,000	2,364	-	-	-	81,205	500	94,069
Total disbursements	<u>694,113</u>	<u>2,364</u>	<u>-</u>	<u>244,000</u>	<u>25,000</u>	<u>81,205</u>	<u>500</u>	<u>1,047,182</u>
Excess (deficiency) of receipts over disbursements	<u>(15,941)</u>	<u>3,301</u>	<u>31,053</u>	<u>(1,097)</u>	<u>(14,776)</u>	<u>590</u>	<u>-</u>	<u>3,130</u>
Cash and investments - ending	<u>\$ 314,304</u>	<u>\$ 16,778</u>	<u>\$ 228,276</u>	<u>\$ 112,417</u>	<u>\$ 100,254</u>	<u>\$ 2,313</u>	<u>\$ 150</u>	<u>\$ 774,492</u>

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Operating (General)	Rainy Day	Library Improvement Reserve	Plac Card	Gift	Bond And Interest Redemption	Payroll	Totals
Cash and investments - beginning	\$ 314,304	\$ 228,276	\$ 100,254	\$ 150	\$ 16,778	\$ 112,417	\$ 2,313	\$ 774,492
Receipts:								
Taxes	399,999	-	-	-	-	215,567	-	615,566
Intergovernmental	254,361	-	-	-	-	24,057	-	278,418
Charges for services	3,821	-	-	700	-	-	-	4,521
Fines and forfeits	14,373	-	-	-	-	-	-	14,373
Other receipts	5,077	3,396	31,792	-	895	494	82,300	123,954
Total receipts	<u>677,631</u>	<u>3,396</u>	<u>31,792</u>	<u>700</u>	<u>895</u>	<u>240,118</u>	<u>82,300</u>	<u>1,036,832</u>
Disbursements:								
Personal services	480,295	-	-	-	-	-	-	480,295
Supplies	20,968	-	-	-	-	-	-	20,968
Other services and charges	105,724	-	-	-	-	245,000	-	350,724
Capital outlay	83,034	-	18,710	-	-	-	-	101,744
Other disbursements	30,000	-	-	600	3,686	-	82,328	116,614
Total disbursements	<u>720,021</u>	<u>-</u>	<u>18,710</u>	<u>600</u>	<u>3,686</u>	<u>245,000</u>	<u>82,328</u>	<u>1,070,345</u>
Excess (deficiency) of receipts over disbursements	<u>(42,390)</u>	<u>3,396</u>	<u>13,082</u>	<u>100</u>	<u>(2,791)</u>	<u>(4,882)</u>	<u>(28)</u>	<u>(33,513)</u>
Cash and investments - ending	<u>\$ 271,914</u>	<u>\$ 231,672</u>	<u>\$ 113,336</u>	<u>\$ 250</u>	<u>\$ 13,987</u>	<u>\$ 107,535</u>	<u>\$ 2,285</u>	<u>\$ 740,979</u>

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 7,311	\$ -

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Danville-Center Township Public Library Leasing Corp	Lease of Grounds and Building	<u>\$ 245,000</u>	07-15-98	01-15-14

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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>Ending Balance</u>
Governmental activities:	
Land	\$ 100,000
Buildings	2,575,000
Machinery, equipment and vehicles	300,000
Books and other	<u>1,404,262</u>
 Total governmental activities	 <u>4,379,262</u>
 Total capital assets	 <u>\$ 4,379,262</u>

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

PRESCRIBED FORMS

As stated in prior Report B37882, the following prescribed or approved forms were not always in use: Financial and Appropriation Record - Forms No. 1, 1A - 1C; Employee Service Record (General Form 99A); and Receipt (General Form 352)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

DANVILLE-CENTER TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2012, with Loren Malloy, Director; Lawrence Nilles, President of the Board; Gary Simpson, Treasurer; and Keith Gill, Treasurer of the Board. The officials concurred with our findings.