

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY
KOSCIUSKO COUNTY, INDIANA
January 1, 2010 to December 31, 2011



FILED
10/18/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-10
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	12-13
Schedule of Capital Assets.....	14
Examination Results and Comments:	
Annual Financial Report	15
Bank Reconcilements.....	15
Exit Conference.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Pamela Myers	01-01-10 to 12-31-12
Treasurer	Nancy Stoddard	01-01-10 to 12-31-12
President of the Board	Mary Joan Plew	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY,
KOSCIUSKO COUNTY, INDIANA

We have examined the accompanying financial statements of the Pierceton-Washington Township Public Library (Library), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statements 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.

Our examination was conducted for the purpose of forming an opinion on the Library's financial statements. 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, 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

September 20, 2012

(This page intentionally left blank.)

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.

PIERCETON-WASHINGTON 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	\$ 156,611	\$ 83,747	\$ 91,972	\$ 148,386
LIRF	190,638	18,494	9,553	199,579
PLAC	-	1,500	1,500	-
Endowment	7,239	3,799	-	11,038
Rainy Day	346	6,669	-	7,015
Totals	<u>\$ 354,834</u>	<u>\$ 114,209</u>	<u>\$ 103,025</u>	<u>\$ 366,018</u>

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

PIERCETON-WASHINGTON 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	\$ 148,386	\$ 76,378	\$ 68,214	\$ 156,550
Rainy Day	7,015	-	-	7,015
LIRF	199,579	115	-	199,694
PLAC	-	1,800	1,600	200
Endowment Fund	11,038	1,012	-	12,050
Totals	<u>\$ 366,018</u>	<u>\$ 79,305</u>	<u>\$ 69,814</u>	<u>\$ 375,509</u>

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

PIERCETON-WASHINGTON 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 cultural 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 may 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, 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.

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges, and rental 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 the following uses:

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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

	Operating	LIRF	PLAC	Endowment	Rainy Day	Totals
Cash and investments - beginning	\$ 156,611	\$ 190,638	\$ -	\$ 7,239	\$ 346	\$ 354,834
Receipts:						
Taxes	51,831	-	-	-	-	51,831
Intergovernmental	20,480	-	-	-	-	20,480
Fines and forfeits	330	-	-	-	-	330
Other receipts	11,106	18,494	1,500	3,799	6,669	41,568
Total receipts	<u>83,747</u>	<u>18,494</u>	<u>1,500</u>	<u>3,799</u>	<u>6,669</u>	<u>114,209</u>
Disbursements:						
Personal services	38,991	-	-	-	-	38,991
Supplies	1,663	-	-	-	-	1,663
Other services and charges	31,897	-	-	-	-	31,897
Capital outlay	9,881	-	-	-	-	9,881
Other disbursements	9,540	9,553	1,500	-	-	20,593
Total disbursements	<u>91,972</u>	<u>9,553</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>103,025</u>
Excess (deficiency) of receipts over disbursements	<u>(8,225)</u>	<u>8,941</u>	<u>-</u>	<u>3,799</u>	<u>6,669</u>	<u>11,184</u>
Cash and investments - ending	<u>\$ 148,386</u>	<u>\$ 199,579</u>	<u>\$ -</u>	<u>\$ 11,038</u>	<u>\$ 7,015</u>	<u>\$ 366,018</u>

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

	Operating	Rainy Day	LIRF	PLAC	Endowment Fund	Totals
Cash and investments - beginning	\$ 148,386	\$ 7,015	\$ 199,579	\$ -	\$ 11,038	\$ 366,018
Receipts:						
Taxes	58,089	-	-	-	-	58,089
Intergovernmental	16,754	-	-	-	-	16,754
Charges for services	1,055	-	-	1,800	-	2,855
Fines and forfeits	480	-	-	-	-	480
Other receipts	-	-	115	-	1,012	1,127
Total receipts	<u>76,378</u>	<u>-</u>	<u>115</u>	<u>1,800</u>	<u>1,012</u>	<u>79,305</u>
Disbursements:						
Personal services	42,777	-	-	-	-	42,777
Supplies	2,381	-	-	-	-	2,381
Other services and charges	15,880	-	-	-	-	15,880
Capital outlay	7,034	-	-	-	-	7,034
Other disbursements	142	-	-	1,600	-	1,742
Total disbursements	<u>68,214</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>-</u>	<u>69,814</u>
Excess (deficiency) of receipts over disbursements	<u>8,164</u>	<u>-</u>	<u>115</u>	<u>200</u>	<u>1,012</u>	<u>9,491</u>
Cash and investments - ending	<u>\$ 156,550</u>	<u>\$ 7,015</u>	<u>\$ 199,694</u>	<u>\$ 200</u>	<u>\$ 12,050</u>	<u>\$ 375,509</u>

PIERCETON-WASHINGTON 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	\$ 750
Buildings	900,000
Improvements other than buildings	1,200
Books and other	<u>150,000</u>
 Total governmental activities	 <u>1,051,950</u>
 Total capital assets	 <u>\$ 1,051,950</u>

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Reports initially submitted were not accurate. Although the Library has five funds, only a General Operating Fund was reported. The 2011 Annual Financial Report was corrected and resubmitted on September 9, 2012.

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)

BANK RECONCILEMENTS

Bank reconcilements prepared by Library Director were inaccurate. Not all outstanding checks were listed. Investments were not accurately included. Overpayments of payroll withholdings were not identified.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PIERCETON-WASHINGTON TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2012, with Nancy Stoddard, Treasurer, and Pamela Myers, Director. The officials concurred with our findings.