

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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF

MIDDLETOWN-FALL CREEK TOWNSHIP  
PUBLIC LIBRARY

HENRY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
10/22/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Teresa Dennis	01-01-10 to 12-31-12
Treasurer	Paula A. Ramsey	01-01-10 to 12-31-12
President of the Board	Maynard Powell	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MIDDLETOWN-FALL CREEK  
TOWNSHIP PUBLIC LIBRARY, HENRY COUNTY, INDIANA

We have examined the accompanying financial statements of the Middletown-Fall Creek 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.

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, 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

September 11, 2012

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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.

MIDDLETOWN-FALL CREEK 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	\$ 50,849	\$ 119,210	\$ 141,829	\$ 28,230
Petty Cash	100	-	-	100
Cash Change	50	-	-	50
Excess Levy	151	338	-	489
Lirf	2,410	628	-	3,038
Plac	-	500	500	-
Gift Fund	18,445	7,171	2,000	23,616
Grant Fund	4,686	8,944	10,159	3,471
Bond And Interest Redemption	17,236	50,366	51,000	16,602
Bond And Interest Redemption Investment	50,000	-	50,000	-
Lirf Investment	47,087	-	-	47,087
Building Fund Investment	46,293	-	-	46,293
Building Fund	3,875	618	1,622	2,871
Rainy Day	-	1,760	-	1,760
Payroll	9	-	9	-
Totals	<u>\$ 241,191</u>	<u>\$ 189,535</u>	<u>\$ 257,119</u>	<u>\$ 173,607</u>

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

MIDDLETOWN-FALL CREEK 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	\$ 28,230	\$ 123,144	\$ 126,809	\$ 24,565
Rainy Day Fund	1,760	-	-	1,760
Lirf	3,038	129	-	3,167
Petty Cash	100	-	-	100
Cash Change	50	-	-	50
Excess Levy	489	-	-	489
Lirf Investment	47,087	880	30,955	17,012
Plac	-	500	500	-
Gift Fund	23,616	7,050	7,637	23,029
Grant Fund	3,471	8,410	9,084	2,797
Bond And Interest Redemption	16,602	57,602	50,150	24,054
Building Fund Investment	46,293	20,000	20,000	46,293
Building Fund	2,871	196	2,262	805
Totals	<u>\$ 173,607</u>	<u>\$ 217,911</u>	<u>\$ 247,397</u>	<u>\$ 144,121</u>

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

MIDDLETOWN-FALL CREEK 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 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, 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, charges for faxing, copy machine charges, accident report copies, gun permit applications, 911

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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).

Penalties which include fees received for late payments.

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:

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, and books, magazines, video and audio materials, 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.

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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 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.

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**Note 6. Pension Plan**

The Library offers no pension plan to its employees.

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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/](http://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.

MIDDLETOWN-FALL CREEK TOWNSHIP 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	Excess Levy	Lif	Plac	Gift Fund	Grant Fund
Cash and investments - beginning	\$ 50,849	\$ 100	\$ 50	\$ 151	\$ 2,410	\$ -	\$ 18,445	\$ 4,686
Receipts:								
Taxes	63,790	-	-	-	-	-	-	-
Intergovernmental	38,069	-	-	-	-	-	-	8,944
Charges for services	6,369	-	-	-	-	-	-	-
Other receipts	10,982	-	-	338	628	500	7,171	-
Total receipts	<u>119,210</u>	<u>-</u>	<u>-</u>	<u>338</u>	<u>628</u>	<u>500</u>	<u>7,171</u>	<u>8,944</u>
Disbursements:								
Personal services	91,027	-	-	-	-	-	-	-
Supplies	5,656	-	-	-	-	-	-	-
Other services and charges	25,759	-	-	-	-	500	-	-
Capital outlay	19,345	-	-	-	-	-	2,000	10,159
Other disbursements	42	-	-	-	-	-	-	-
Total disbursements	<u>141,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>2,000</u>	<u>10,159</u>
Excess (deficiency) of receipts over disbursements	<u>(22,619)</u>	<u>-</u>	<u>-</u>	<u>338</u>	<u>628</u>	<u>-</u>	<u>5,171</u>	<u>(1,215)</u>
Cash and investments - ending	<u>\$ 28,230</u>	<u>\$ 100</u>	<u>\$ 50</u>	<u>\$ 489</u>	<u>\$ 3,038</u>	<u>\$ -</u>	<u>\$ 23,616</u>	<u>\$ 3,471</u>

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

	Bond And Interest Redemption	Bond And Interest Redemption Investment	Lif Investment	Building Fund Investment	Building Fund	Rainy Day	Payroll	Totals
Cash and investments - beginning	\$ 17,236	\$ 50,000	\$ 47,087	\$ 46,293	\$ 3,875	\$ -	\$ 9	\$ 241,191
Receipts:								
Taxes	-	-	-	-	-	-	-	63,790
Intergovernmental	-	-	-	-	-	-	-	47,013
Charges for services	-	-	-	-	-	-	-	6,369
Other receipts	50,366	-	-	-	618	1,760	-	72,363
Total receipts	50,366	-	-	-	618	1,760	-	189,535
Disbursements:								
Personal services	-	-	-	-	-	-	-	91,027
Supplies	-	-	-	-	-	-	-	5,656
Other services and charges	-	-	-	-	1,622	-	-	27,881
Capital outlay	-	-	-	-	-	-	-	31,504
Other disbursements	51,000	50,000	-	-	-	-	9	101,051
Total disbursements	51,000	50,000	-	-	1,622	-	9	257,119
Excess (deficiency) of receipts over disbursements	(634)	(50,000)	-	-	(1,004)	1,760	(9)	(67,584)
Cash and investments - ending	\$ 16,602	\$ -	\$ 47,087	\$ 46,293	\$ 2,871	\$ 1,760	\$ -	\$ 173,607

MIDDLETOWN-FALL CREEK 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 Fund	Lif	Petty Cash	Cash Change	Excess Levy	Lif Investment
Cash and investments - beginning	\$ 28,230	\$ 1,760	\$ 3,038	\$ 100	\$ 50	\$ 489	\$ 47,087
Receipts:							
Taxes	77,911	-	-	-	-	-	-
Intergovernmental	29,804	-	-	-	-	-	-
Charges for services	6,221	-	-	-	-	-	-
Other receipts	9,208	-	129	-	-	-	880
Total receipts	<u>123,144</u>	<u>-</u>	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>880</u>
Disbursements:							
Personal services	91,313	-	-	-	-	-	-
Supplies	4,295	-	-	-	-	-	-
Other services and charges	23,120	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,081	-	-	-	-	-	30,955
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>126,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,955</u>
Excess (deficiency) of receipts over disbursements	<u>(3,665)</u>	<u>-</u>	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,075)</u>
Cash and investments - ending	<u>\$ 24,565</u>	<u>\$ 1,760</u>	<u>\$ 3,167</u>	<u>\$ 100</u>	<u>\$ 50</u>	<u>\$ 489</u>	<u>\$ 17,012</u>

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Plac	Gift Fund	Grant Fund	Bond And Interest Redemption	Building Fund Investment	Building Fund	Totals
Cash and investments - beginning	\$ -	\$ 23,616	\$ 3,471	\$ 16,602	\$ 46,293	\$ 2,871	\$ 173,607
Receipts:							
Taxes	-	-	-	52,536	-	-	130,447
Intergovernmental	-	-	-	3,716	-	-	33,520
Charges for services	500	-	-	-	-	-	6,721
Other receipts	-	7,050	8,410	1,350	20,000	196	47,223
Total receipts	500	7,050	8,410	57,602	20,000	196	217,911
Disbursements:							
Personal services	-	-	-	-	-	-	91,313
Supplies	-	-	-	-	-	1,434	5,729
Other services and charges	-	-	-	-	-	828	23,948
Debt service - principal and interest	-	-	-	48,800	-	-	48,800
Capital outlay	-	7,637	7,734	-	-	-	54,407
Other disbursements	500	-	1,350	1,350	20,000	-	23,200
Total disbursements	500	7,637	9,084	50,150	20,000	2,262	247,397
Excess (deficiency) of receipts over disbursements	-	(587)	(674)	7,452	-	(2,066)	(29,486)
Cash and investments - ending	\$ -	\$ 23,029	\$ 2,797	\$ 24,054	\$ 46,293	\$ 805	\$ 144,121

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Construction of Children's Room	\$ 130,000	\$ 23,575
Totals		<u>\$ 130,000</u>	<u>\$ 23,575</u>

MIDDLETOWN-FALL CREEK 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.

	Ending Balance
Governmental activities:	
Land	\$ 83,337
Machinery and Equipment	118,691
Buildings	969,571
Improvements other than buildings	17,452
Books and other	266,498
Total governmental activities	1,455,549
Total capital assets	\$ 1,455,549

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2012, with Teresa Dennis, Director; Paula A. Ramsey, Treasurer; and Maynard Powell, President of the Board. Our examination disclosed no material items that warrant comment at this time.