

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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF  
WEST LEBANON - PIKE TOWNSHIP PUBLIC LIBRARY  
WARREN COUNTY, INDIANA  
January 1, 2010 to December 31, 2011



**FILED**  
03/15/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Terri Wargo	01-01-10 to 12-31-13
Treasurer	Sandra Stephenson Dana Craft	01-01-10 to 12-31-11 01-01-12 to 12-31-13
President of the Board	Angela J. Wash	01-01-10 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WEST LEBANON - PIKE TOWNSHIP  
PUBLIC LIBRARY, WARREN COUNTY, INDIANA

We have examined the accompanying financial statements of the West Lebanon - Pike Township Public Library (Library), for the period of January 1, 2010 to December 31, 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Library for the period of January 1, 2010 to December 31, 2011.

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 period of January 1, 2010 to December 31, 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 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.

STATE BOARD OF ACCOUNTS

February 12, 2013

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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.

WEST LEBANON - PIKE 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
General	\$ 52,126	\$ 113,232	\$ 84,031	\$ 81,327
Petty Cash	90	-	-	90
Cash Change	11	-	-	11
Gift	14,082	6,785	6,197	14,670
Rainy Day	4,435	3,820	-	8,255
Universal Service Reimbursement	1,159	-	839	320
Jordan	45	181	226	-
Kent	-	541	541	-
Liberty	282	-	180	102
Steuben	4,593	500	1,773	3,320
Levy Excess	1,706	399	-	2,105
Local Govt Grant #11	2,551	-	-	2,551
Bond And Interest Redemption	5,751	70,834	49,250	27,335
Library Improvement Reserve	13,500	5,000	3,509	14,991
Sales Tax	24	17	41	-
Totals	<u>\$ 100,355</u>	<u>\$ 201,309</u>	<u>\$ 146,587</u>	<u>\$ 155,077</u>

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

WEST LEBANON - PIKE 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
General	\$ 81,327	\$ 92,067	\$ 81,696	\$ 91,698
Rainy Day	8,255	-	-	8,255
Universal Service Reimbursement	320	908	856	372
Levy Excess	2,105	-	399	1,706
Library Improvement Reserve	14,991	5,000	-	19,991
Petty Cash	90	-	-	90
Cash Change	11	-	-	11
Gift	14,670	3,918	1,504	17,084
Jordan	-	247	247	-
Kent	-	195	190	5
Liberty	102	18	120	-
Steuben	3,320	-	752	2,568
Local Govt Grant #11	2,551	-	2,551	-
Bond And Interest Redemption	<u>27,335</u>	<u>52,198</u>	<u>51,000</u>	<u>28,533</u>
Totals	<u>\$ 155,077</u>	<u>\$ 154,551</u>	<u>\$ 139,315</u>	<u>\$ 170,313</u>

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

WEST LEBANON - PIKE 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, 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, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state.

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

Fines and forfeits which include receipts derived from fines and penalties imposed for the late return of library materials.

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.

WEST LEBANON - PIKE TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

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.

*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.

WEST LEBANON - PIKE 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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports for years prior to 2011 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 Annual Report information for years 2011 and later 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.

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

	General	Petty Cash	Cash Change	Gift	Rainy Day	Universal Service Reimbursement	Jordan	Kent
Cash and investments - beginning	\$ 52,126	\$ 90	\$ 11	\$ 14,082	\$ 4,435	\$ 1,159	\$ 45	\$ -
Receipts:								
Taxes	65,761	-	-	-	-	-	-	-
Intergovernmental	42,647	-	-	2,147	3,820	-	181	541
Charges for services	1,533	-	-	4,207	-	-	-	-
Other receipts	3,291	-	-	431	-	-	-	-
Total receipts	<u>113,232</u>	<u>-</u>	<u>-</u>	<u>6,785</u>	<u>3,820</u>	<u>-</u>	<u>181</u>	<u>541</u>
Disbursements:								
Personal services	47,472	-	-	5,350	-	-	-	-
Supplies	4,739	-	-	-	-	-	-	-
Other services and charges	10,919	-	-	-	-	839	-	-
Capital outlay	15,901	-	-	847	-	-	-	-
Other disbursements	5,000	-	-	-	-	-	226	541
Total disbursements	<u>84,031</u>	<u>-</u>	<u>-</u>	<u>6,197</u>	<u>-</u>	<u>839</u>	<u>226</u>	<u>541</u>
Excess (deficiency) of receipts over disbursements	<u>29,201</u>	<u>-</u>	<u>-</u>	<u>588</u>	<u>3,820</u>	<u>(839)</u>	<u>(45)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 81,327</u>	<u>\$ 90</u>	<u>\$ 11</u>	<u>\$ 14,670</u>	<u>\$ 8,255</u>	<u>\$ 320</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Liberty	Steuben	Levy Excess	Local Govt Grant #11	Bond And Interest Redemption	Library Improvement Reserve	Sales Tax	Totals
Cash and investments - beginning	\$ 282	\$ 4,593	\$ 1,706	\$ 2,551	\$ 5,751	\$ 13,500	\$ 24	\$ 100,355
Receipts:								
Taxes	-	-	399	-	63,097	-	-	129,257
Intergovernmental	-	500	-	-	7,737	-	-	57,573
Charges for services	-	-	-	-	-	-	-	5,740
Other receipts	-	-	-	-	-	5,000	17	8,739
Total receipts	-	500	399	-	70,834	5,000	17	201,309
Disbursements:								
Personal services	-	-	-	-	-	-	-	52,822
Supplies	-	-	-	-	-	-	-	4,739
Other services and charges	-	-	-	-	49,250	-	-	61,008
Capital outlay	-	-	-	-	-	3,509	-	20,257
Other disbursements	180	1,773	-	-	-	-	41	7,761
Total disbursements	180	1,773	-	-	49,250	3,509	41	146,587
Excess (deficiency) of receipts over disbursements	(180)	(1,273)	399	-	21,584	1,491	(24)	54,722
Cash and investments - ending	\$ 102	\$ 3,320	\$ 2,105	\$ 2,551	\$ 27,335	\$ 14,991	\$ -	\$ 155,077

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

	General	Rainy Day	Universal Service Reimbursement	Levy Excess	Library Improvement Reserve	Petty Cash	Cash Change	Gift
Cash and investments - beginning	\$ 81,327	\$ 8,255	\$ 320	\$ 2,105	\$ 14,991	\$ 90	\$ 11	\$ 14,670
Receipts:								
Taxes	45,624	-	-	-	-	-	-	-
Intergovernmental	41,092	-	-	-	-	-	-	-
Charges for services	569	-	-	-	-	-	-	-
Fines and forfeits	2,029	-	-	-	-	-	-	-
Other receipts	2,753	-	908	-	5,000	-	-	3,918
Total receipts	92,067	-	908	-	5,000	-	-	3,918
Disbursements:								
Personal services	49,530	-	-	-	-	-	-	-
Supplies	5,197	-	-	-	-	-	-	10
Other services and charges	9,014	-	856	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	12,955	-	-	-	-	-	-	1,484
Other disbursements	5,000	-	-	399	-	-	-	10
Total disbursements	81,696	-	856	399	-	-	-	1,504
Excess (deficiency) of receipts over disbursements	10,371	-	52	(399)	5,000	-	-	2,414
Cash and investments - ending	\$ 91,698	\$ 8,255	\$ 372	\$ 1,706	\$ 19,991	\$ 90	\$ 11	\$ 17,084

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

	Jordan	Kent	Liberty	Steuben	Local Govt Grant #11	Bond And Interest Redemption	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 102	\$ 3,320	\$ 2,551	\$ 27,335	\$ 155,077
Receipts:							
Taxes	-	-	-	-	-	45,747	91,371
Intergovernmental	247	195	18	-	-	6,451	48,003
Charges for services	-	-	-	-	-	-	569
Fines and forfeits	-	-	-	-	-	-	2,029
Other receipts	-	-	-	-	-	-	12,579
Total receipts	<u>247</u>	<u>195</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>52,198</u>	<u>154,551</u>
Disbursements:							
Personal services	-	-	-	-	-	-	49,530
Supplies	-	-	-	-	-	-	5,207
Other services and charges	-	-	-	-	-	-	9,870
Debt service - principal and interest	-	-	-	-	-	51,000	51,000
Capital outlay	-	-	-	-	-	-	14,439
Other disbursements	247	190	120	752	2,551	-	9,269
Total disbursements	<u>247</u>	<u>190</u>	<u>120</u>	<u>752</u>	<u>2,551</u>	<u>51,000</u>	<u>139,315</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>5</u>	<u>(102)</u>	<u>(752)</u>	<u>(2,551)</u>	<u>1,198</u>	<u>15,236</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 2,568</u>	<u>\$ -</u>	<u>\$ 28,533</u>	<u>\$ 170,313</u>

WEST LEBANON - PIKE TOWNSHIP PUBLIC LIBRARY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 500</u>	<u>\$ -</u>

WEST LEBANON - PIKE TOWNSHIP PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: West Lebanon-Pike Township Public Library Building Corporation	Debt service	\$ 51,000	07-15-06	01-15-27
Total of annual lease payments		<u>\$ 51,000</u>		

WEST LEBANON - PIKE 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	\$ 5,507
Buildings	675,305
Improvements other than buildings	15,000
Machinery, equipment and vehicles	5,450
Books and other	257,016
Total governmental activities	958,278
Total capital assets	\$ 958,278

WEST LEBANON - PIKE TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2013, with Dana Craft, Treasurer; Angela J. Wash, President of the Board; and Terri Wargo, Director. Our examination disclosed no material items that warrant comment at this time.