

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY

WHITLEY COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
10/09/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement.....	7-10
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	12-17
Schedule of Capital Assets.....	18
Exit Conference.....	19

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Margaret Renee Wozniak Anderson	01-10-10 to 12-31-13
Treasurer	Tim A. Kahn Randall D. Holler	01-01-10 to 04-08-10 04-09-10 to 12-31-13
President of the Board	H. Patricia Weybright	01-01-10 to 12-31-13



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 SOUTH WHITLEY COMMUNITY
PUBLIC LIBRARY, WHITLEY COUNTY, INDIANA

We have examined the accompanying financial statement of the South Whitley Community Public Library (Library), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 statement 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 statement referred to above does 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, 2012.

In our opinion, the financial statement referred to above presents 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, 2012, 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 statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

September 18, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2010, 2011, And 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 425,552	\$ 608,248	\$ 519,867	\$ 513,933
Rainy Day	177,469	91,894	5,968	263,395
Levy Excess	-	1,116	-	1,116
Book Buddies	1,182	-	400	782
Gift	25,242	3,851	-	29,093
Grant	1,257	1,000	850	1,407
Eli Lilly	12,937	-	1,360	11,577
State Technology Fund Grant	6,720	3,398	4,898	5,220
Library Improvement Reserve	46,819	30,000	35,000	41,819
Payroll Withholdings	3,412	44,555	43,862	4,105
PLAC	270	460	630	100
Totals	\$ 700,860	\$ 784,522	\$ 612,835	\$ 872,547

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating	\$ 513,933	\$ 533,605	\$ 519,377	\$ 528,161
Rainy Day	263,395	14,600	10,395	267,600
Levy Excess	1,116	-	1,116	-
Book Buddies	782	-	782	-
Gift	29,093	11,041	14,134	26,000
Grant	1,407	6,250	6,301	1,356
Eli Lilly	11,577	-	11,577	-
State Technology Fund Grant	5,220	3,055	3,998	4,277
Library Improvement Reserve	41,819	30,000	-	71,819
Payroll Withholdings	4,105	54,506	53,654	4,957
PLAC	100	200	200	100
Totals	\$ 872,547	\$ 653,257	\$ 621,534	\$ 904,270

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 528,161	\$ 480,871	\$ 564,387	\$ 444,645
Rainy Day	267,600	-	-	267,600
Levy Excess	-	6,764	-	6,764
Gift	26,000	14,034	8,556	31,478
Grant	1,356	1,000	1,112	1,244
State Technology Fund Grant	4,277	2,597	3,690	3,184
Early Literacy	-	719	719	-
Library Improvement Reserve	71,819	80,000	51,984	99,835
Payroll Withholdings	4,957	58,396	63,111	242
PLAC	100	150	200	50
Totals	\$ 904,270	\$ 644,531	\$ 693,759	\$ 855,042

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

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT

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. On January 10, 2013, the Library changed its name from South Whitley – Cleveland Township Public Library to South Whitley Community Public Library.

The accompanying financial statement presents the financial information for the Library.

B. Basis of Accounting

The financial statement is 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 statement. 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

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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).

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 statement. 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

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. 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/.

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 statement 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.

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

	Operating	Rainy Day	Levy Excess	Book Buddies	Gift	Grant
Cash and investments - beginning	\$ 425,552	\$ 177,469	\$ -	\$ 1,182	\$ 25,242	\$ 1,257
Receipts:						
Taxes	327,216	-	-	-	-	-
Intergovernmental	267,709	58,894	1,116	-	-	-
Charges for services	1,741	-	-	-	-	-
Fines and forfeits	5,256	-	-	-	-	-
Other receipts	6,326	33,000	-	-	3,851	1,000
Total receipts	<u>608,248</u>	<u>91,894</u>	<u>1,116</u>	<u>-</u>	<u>3,851</u>	<u>1,000</u>
Disbursements:						
Personal services	232,824	-	-	-	-	-
Supplies	15,225	-	-	-	-	-
Other services and charges	93,793	-	-	400	-	850
Capital outlay	115,025	5,968	-	-	-	-
Other disbursements	63,000	-	-	-	-	-
Total disbursements	<u>519,867</u>	<u>5,968</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>850</u>
Excess (deficiency) of receipts over disbursements	<u>88,381</u>	<u>85,926</u>	<u>1,116</u>	<u>(400)</u>	<u>3,851</u>	<u>150</u>
Cash and investments - ending	<u>\$ 513,933</u>	<u>\$ 263,395</u>	<u>\$ 1,116</u>	<u>\$ 782</u>	<u>\$ 29,093</u>	<u>\$ 1,407</u>

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Eli Lilly	State Technology Fund Grant	Library Improvement Reserve	Payroll Withholdings	PLAC	Totals
Cash and investments - beginning	\$ 12,937	\$ 6,720	\$ 46,819	\$ 3,412	\$ 270	\$ 700,860
Receipts:						
Taxes	-	-	-	-	-	327,216
Intergovernmental	-	3,398	-	-	-	331,117
Charges for services	-	-	-	-	-	1,741
Fines and forfeits	-	-	-	-	-	5,256
Other receipts	-	-	30,000	44,555	460	119,192
Total receipts	-	3,398	30,000	44,555	460	784,522
Disbursements:						
Personal services	-	-	-	-	-	232,824
Supplies	-	-	-	-	-	15,225
Other services and charges	-	4,898	-	-	-	99,941
Capital outlay	1,360	-	35,000	-	-	157,353
Other disbursements	-	-	-	43,862	630	107,492
Total disbursements	1,360	4,898	35,000	43,862	630	612,835
Excess (deficiency) of receipts over disbursements	(1,360)	(1,500)	(5,000)	693	(170)	171,687
Cash and investments - ending	<u>\$ 11,577</u>	<u>\$ 5,220</u>	<u>\$ 41,819</u>	<u>\$ 4,105</u>	<u>\$ 100</u>	<u>\$ 872,547</u>

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Operating	Rainy Day	Levy Excess	Book Buddies	Gift	Grant
Cash and investments - beginning	\$ 513,933	\$ 263,395	\$ 1,116	\$ 782	\$ 29,093	\$ 1,407
Receipts:						
Taxes	333,415	-	-	-	-	-
Intergovernmental	179,943	-	-	-	8,200	-
Charges for services	1,819	-	-	-	-	-
Fines and forfeits	5,169	-	-	-	-	-
Other receipts	13,259	14,600	-	-	2,841	6,250
Total receipts	<u>533,605</u>	<u>14,600</u>	<u>-</u>	<u>-</u>	<u>11,041</u>	<u>6,250</u>
Disbursements:						
Personal services	285,903	-	-	-	-	-
Supplies	15,507	-	-	-	-	-
Other services and charges	88,472	5,565	-	-	11,784	4,094
Capital outlay	84,895	4,830	-	782	2,350	2,207
Other disbursements	44,600	-	1,116	-	-	-
Total disbursements	<u>519,377</u>	<u>10,395</u>	<u>1,116</u>	<u>782</u>	<u>14,134</u>	<u>6,301</u>
Excess (deficiency) of receipts over disbursements	<u>14,228</u>	<u>4,205</u>	<u>(1,116)</u>	<u>(782)</u>	<u>(3,093)</u>	<u>(51)</u>
Cash and investments - ending	<u>\$ 528,161</u>	<u>\$ 267,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,000</u>	<u>\$ 1,356</u>

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Eli Lilly	State Technology Fund Grant	Library Improvement Reserve	Payroll Withholdings	PLAC	Totals
Cash and investments - beginning	\$ 11,577	\$ 5,220	\$ 41,819	\$ 4,105	\$ 100	\$ 872,547
Receipts:						
Taxes	-	-	-	-	-	333,415
Intergovernmental	-	3,055	-	-	-	191,198
Charges for services	-	-	-	-	200	2,019
Fines and forfeits	-	-	-	-	-	5,169
Other receipts	-	-	30,000	54,506	-	121,456
Total receipts	-	3,055	30,000	54,506	200	653,257
Disbursements:						
Personal services	-	-	-	53,654	-	339,557
Supplies	-	-	-	-	-	15,507
Other services and charges	-	3,998	-	-	-	113,913
Capital outlay	11,577	-	-	-	-	106,641
Other disbursements	-	-	-	-	200	45,916
Total disbursements	11,577	3,998	-	53,654	200	621,534
Excess (deficiency) of receipts over disbursements	(11,577)	(943)	30,000	852	-	31,723
Cash and investments - ending	\$ -	\$ 4,277	\$ 71,819	\$ 4,957	\$ 100	\$ 904,270

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Operating	Rainy Day	Levy Excess	Gift	Grant	State Technology Fund Grant
Cash and investments - beginning	\$ 528,161	\$ 267,600	\$ -	\$ 26,000	\$ 1,356	\$ 4,277
Receipts:						
Taxes	251,293	-	6,764	-	-	-
Intergovernmental	212,324	-	-	11,800	-	2,597
Charges for services	2,154	-	-	-	-	-
Fines and forfeits	4,400	-	-	-	-	-
Other receipts	10,700	-	-	2,234	1,000	-
Total receipts	<u>480,871</u>	<u>-</u>	<u>6,764</u>	<u>14,034</u>	<u>1,000</u>	<u>2,597</u>
Disbursements:						
Personal services	306,411	-	-	-	-	-
Supplies	16,558	-	-	-	-	-
Other services and charges	88,259	-	-	8,556	1,013	3,690
Capital outlay	73,159	-	-	-	99	-
Other disbursements	80,000	-	-	-	-	-
Total disbursements	<u>564,387</u>	<u>-</u>	<u>-</u>	<u>8,556</u>	<u>1,112</u>	<u>3,690</u>
Excess (deficiency) of receipts over disbursements	<u>(83,516)</u>	<u>-</u>	<u>6,764</u>	<u>5,478</u>	<u>(112)</u>	<u>(1,093)</u>
Cash and investments - ending	<u>\$ 444,645</u>	<u>\$ 267,600</u>	<u>\$ 6,764</u>	<u>\$ 31,478</u>	<u>\$ 1,244</u>	<u>\$ 3,184</u>

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Early Literacy	Library Improvement Reserve	Payroll Withholdings	PLAC	Totals
Cash and investments - beginning	\$ -	\$ 71,819	\$ 4,957	\$ 100	\$ 904,270
Receipts:					
Taxes	-	-	-	-	258,057
Intergovernmental	-	-	-	-	226,721
Charges for services	-	-	-	150	2,304
Fines and forfeits	-	-	-	-	4,400
Other receipts	719	80,000	58,396	-	153,049
Total receipts	719	80,000	58,396	150	644,531
Disbursements:					
Personal services	-	-	-	-	306,411
Supplies	-	-	-	-	16,558
Other services and charges	719	-	-	-	102,237
Capital outlay	-	51,984	-	-	125,242
Other disbursements	-	-	63,111	200	143,311
Total disbursements	719	51,984	63,111	200	693,759
Excess (deficiency) of receipts over disbursements	-	28,016	(4,715)	(50)	(49,228)
Cash and investments - ending	\$ -	\$ 99,835	\$ 242	\$ 50	\$ 855,042

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	\$ 108,485
Buildings	1,321,741
Improvements other than buildings	7,471
Machinery, equipment, and vehicles	468,067
Books and other	<u>486,186</u>
 Total capital assets	 <u>\$ 2,391,950</u>

SOUTH WHITLEY COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2013, with Margaret Renee Wozniak Anderson, Director; Randall D. Holler, Treasurer; and Sharon Bear, Bookkeeper. Our examination disclosed no material items that warrant comment at this time.