

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY

HANCOCK COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
10/17/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Richard Bell	01-01-11 to 12-31-13
Treasurer	Shirley Roeder Gale Ann Jacobi	01-01-11 to 12-14-12 12-15-12 to 12-31-13
President of the Board	Susan Highley	01-01-11 to 12-31-13



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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 FORTVILLE-VERNON TOWNSHIP
PUBLIC LIBRARY, HANCOCK COUNTY, INDIANA

We have examined the accompanying financial statement of the Fortville-Vernon Township Public Library (Library), for the period of January 1, 2011 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.

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, 2011 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, 2011 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, Schedule of Payables and Receivables, 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 25, 2013

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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.

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FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 259,406	\$ 297,335	\$ 294,384	\$ 262,357	\$ 322,967	\$ 299,814	\$ 285,510
Rainy Day Fund	79,247	76	9,929	69,394	-	-	69,394
State Technology Fund	4,288	-	3,088	1,200	-	1,199	1
Library Improvement Reserve	11,755	12	-	11,767	-	-	11,767
Plac Fund	150	50	150	50	150	200	-
Levy Excess Fund	-	-	-	-	5,352	-	5,352
Petty Cash	100	-	-	100	-	-	100
Cash Change	20	-	-	20	-	-	20
Endowment Fund Distribution	426	-	368	58	3,212	-	3,270
Memorial & Gift	50,395	9,930	14,034	46,291	1,250	24,471	23,070
Perf Employee	666	2,224	2,311	579	2,297	2,876	-
Federal Withholding Tax	-	14,232	14,232	-	14,016	12,601	1,415
State Withholding Tax	-	5,476	5,476	-	5,093	4,521	572
County Withholding Tax	-	2,064	2,064	-	1,977	1,756	221
Fica	-	9,109	9,109	-	8,725	7,741	984
Totals	<u>\$ 406,453</u>	<u>\$ 340,508</u>	<u>\$ 355,145</u>	<u>\$ 391,816</u>	<u>\$ 365,039</u>	<u>\$ 355,179</u>	<u>\$ 401,676</u>

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

FORTVILLE-VERNON TOWNSHIP 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.

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:

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.

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).

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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.

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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. 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 4. 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 5. 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

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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 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.

FORTVILLE-VERNON 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	State Technology Fund	Library Improvement Reserve	Plac Fund	Levy Excess Fund	Petty Cash	Cash Change
Cash and investments - beginning	\$ 259,406	\$ 79,247	\$ 4,288	\$ 11,755	\$ 150	\$ -	\$ 100	\$ 20
Receipts:								
Intergovernmental	282,471	-	-	-	-	-	-	-
Charges for services	5,390	-	-	-	50	-	-	-
Fines and forfeits	8,684	-	-	-	-	-	-	-
Other receipts	790	76	-	12	-	-	-	-
Total receipts	<u>297,335</u>	<u>76</u>	<u>-</u>	<u>12</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	181,878	-	-	-	-	-	-	-
Supplies	9,913	-	-	-	-	-	-	-
Other services and charges	47,149	927	3,088	-	-	-	-	-
Capital outlay	55,444	9,002	-	-	-	-	-	-
Other disbursements	-	-	-	-	150	-	-	-
Total disbursements	<u>294,384</u>	<u>9,929</u>	<u>3,088</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,951</u>	<u>(9,853)</u>	<u>(3,088)</u>	<u>12</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 262,357</u>	<u>\$ 69,394</u>	<u>\$ 1,200</u>	<u>\$ 11,767</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 20</u>

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

	Endowment Fund Distribution	Memorial & Gift	Perf Employee	Federal Withholding Tax	State Withholding Tax	County Withholding Tax	Fica	Totals
Cash and investments - beginning	\$ 426	\$ 50,395	\$ 666	\$ -	\$ -	\$ -	\$ -	\$ 406,453
Receipts:								
Intergovernmental	-	-	-	-	-	-	-	282,471
Charges for services	-	-	-	-	-	-	-	5,440
Fines and forfeits	-	-	-	-	-	-	-	8,684
Other receipts	-	9,930	2,224	14,232	5,476	2,064	9,109	43,913
Total receipts	-	9,930	2,224	14,232	5,476	2,064	9,109	340,508
Disbursements:								
Personal services	-	-	-	-	-	-	-	181,878
Supplies	368	2,500	-	-	-	-	-	12,781
Other services and charges	-	2,801	-	-	-	-	-	53,965
Capital outlay	-	8,733	-	-	-	-	-	73,179
Other disbursements	-	-	2,311	14,232	5,476	2,064	9,109	33,342
Total disbursements	368	14,034	2,311	14,232	5,476	2,064	9,109	355,145
Excess (deficiency) of receipts over disbursements	(368)	(4,104)	(87)	-	-	-	-	(14,637)
Cash and investments - ending	\$ 58	\$ 46,291	\$ 579	\$ -	\$ -	\$ -	\$ -	\$ 391,816

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Operating	Rainy Day Fund	State Technology Fund	Library Improvement Reserve	Plac Fund	Levy Excess Fund	Petty Cash	Cash Change
Cash and investments - beginning	\$ 262,357	\$ 69,394	\$ 1,200	\$ 11,767	\$ 50	\$ -	\$ 100	\$ 20
Receipts:								
Intergovernmental	306,343	-	-	-	-	-	-	-
Charges for services	9,776	-	-	-	150	-	-	-
Fines and forfeits	6,250	-	-	-	-	-	-	-
Other receipts	598	-	-	-	-	5,352	-	-
Total receipts	<u>322,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>5,352</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	167,400	-	-	-	-	-	-	-
Supplies	9,555	-	-	-	-	-	-	-
Other services and charges	47,371	-	1,199	-	-	-	-	-
Capital outlay	70,136	-	-	-	-	-	-	-
Other disbursements	5,352	-	-	-	200	-	-	-
Total disbursements	<u>299,814</u>	<u>-</u>	<u>1,199</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>23,153</u>	<u>-</u>	<u>(1,199)</u>	<u>-</u>	<u>(50)</u>	<u>5,352</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 285,510</u>	<u>\$ 69,394</u>	<u>\$ 1</u>	<u>\$ 11,767</u>	<u>\$ -</u>	<u>\$ 5,352</u>	<u>\$ 100</u>	<u>\$ 20</u>

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

	Endowment Fund Distribution	Memorial & Gift	Perf Employee	Federal Withholding Tax	State Withholding Tax	County Withholding Tax	Fica	Totals
Cash and investments - beginning	\$ 58	\$ 46,291	\$ 579	\$ -	\$ -	\$ -	\$ -	\$ 391,816
Receipts:								
Intergovernmental	-	-	-	-	-	-	-	306,343
Charges for services	-	-	-	-	-	-	-	9,926
Fines and forfeits	-	-	-	-	-	-	-	6,250
Other receipts	3,212	1,250	2,297	14,016	5,093	1,977	8,725	42,520
Total receipts	3,212	1,250	2,297	14,016	5,093	1,977	8,725	365,039
Disbursements:								
Personal services	-	-	-	-	-	-	-	167,400
Supplies	-	4,025	-	-	-	-	-	13,580
Other services and charges	-	20,149	-	-	-	-	-	68,719
Capital outlay	-	28	-	-	-	-	-	70,164
Other disbursements	-	269	2,876	12,601	4,521	1,756	7,741	35,316
Total disbursements	-	24,471	2,876	12,601	4,521	1,756	7,741	355,179
Excess (deficiency) of receipts over disbursements	3,212	(23,221)	(579)	1,415	572	221	984	9,860
Cash and investments - ending	\$ 3,270	\$ 23,070	\$ -	\$ 1,415	\$ 572	\$ 221	\$ 984	\$ 401,676

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 4,525</u>	<u>\$ -</u>

FORTVILLE-VERNON TOWNSHIP 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.

	Ending Balance
Governmental activities:	
Buildings	\$ 423,480
Improvements other than buildings	11,355
Machinery, equipment, and vehicles	856,907
Total governmental activities	1,291,742
Total capital assets	\$ 1,291,742

FORTVILLE-VERNON TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 25, 2013, with Richard Bell, Director; Gail Ann Jacobi, Treasurer; Elizabeth Bugiel, Secretary; and Susan Highley, President of the Board. Our examination disclosed no material items that warrant comment at this time.