

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

EXAMINATION REPORT  
OF  
ROCKVILLE PUBLIC LIBRARY  
PARKE COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
09/12/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Cindy Hein	01-01-09 to 12-31-11
Treasurer	Alberta Butler Sharon Harmon	01-01-09 to 12-31-10 01-01-11 to 12-31-11
President of the Board	Doyne Cruse Debbie Skelton Patricia Lohrmann	01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ROCKVILLE PUBLIC LIBRARY, PARKE COUNTY, INDIANA

We have examined the financial statements of Rockville Public Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statements. Our responsibility is to express an opinion 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, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statements. It has not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Library's management, Library Board of Trustee's, 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

August 3, 2011

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FINANCIAL STATEMENTS

ROCKVILLE PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating (General) Fund	\$ 160,528	\$ 319,695	\$ 321,432	\$ 158,791
Gift Fund	27,774	11,119	-	38,893
Rainy Day Fund	4,205	4,239	-	8,444
Littick Genealogy Fund	18,708	411	2,000	17,119
Dolly Parton Fund	-	2,795	2,795	-
Library Improvement Reserve	256,835	17,394	-	274,229
Totals	<u>\$ 468,050</u>	<u>\$ 355,653</u>	<u>\$ 326,227</u>	<u>\$ 497,476</u>

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

ROCKVILLE PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating (General) Fund	\$ 158,791	\$ 354,236	\$ 335,699	\$ 177,328
Gift Fund	38,893	154	-	39,047
Rainy Day Fund	8,444	5,915	-	14,359
Levy Excess	-	570	-	570
Littick Geneology Fund	17,119	-	-	17,119
Library Improvement Reserve	<u>274,228</u>	<u>11,969</u>	<u>-</u>	<u>286,197</u>
Totals	<u>\$ 497,475</u>	<u>\$ 372,844</u>	<u>\$ 335,699</u>	<u>\$ 534,620</u>

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

ROCKVILLE 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 presents the financial information for the Library (primary government), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Library (primary government).

*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, but are not limited to, 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.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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

ROCKVILLE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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).

Utility fees which are comprised mostly of charges for current services.

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, but are not limited to, 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.

ROCKVILLE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

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.

**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.

ROCKVILLE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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. These risks may also be mitigated by the Library by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan**

*A. 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 PERF 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 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.

PERF 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:

ROCKVILLE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

ROCKVILLE PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	Operating (General) Fund	Gift Fund	Rainy Day Fund	Littick Genealogy Fund	Dolly Parton Fund	Library Improvement Reserve	Totals
Cash and investments - beginning	\$ 160,528	\$ 27,774	\$ 4,205	\$ 18,708	\$ -	\$ 256,835	\$ 468,050
Receipts:							
Taxes	180,259	-	-	-	-	-	180,259
Intergovernmental	121,853	-	4,239	-	-	-	126,092
Charges for services	4,863	-	-	-	-	-	4,863
Fines and forfeits	7,089	-	-	-	-	-	7,089
Other receipts	5,631	11,119	-	411	2,795	17,394	37,350
Total receipts	319,695	11,119	4,239	411	2,795	17,394	355,653
Disbursements:							
Personal services	242,272	-	-	-	-	-	242,272
Supplies	24,932	-	-	-	2,795	-	27,727
Other services and charges	23,739	-	-	-	-	-	23,739
Capital outlay	20,489	-	-	-	-	-	20,489
Other disbursements	10,000	-	-	2,000	-	-	12,000
Total disbursements	321,432	-	-	2,000	2,795	-	326,227
Excess (deficiency) of receipts over disbursements	(1,737)	11,119	4,239	(1,589)	-	17,394	29,426
Cash and investments - ending	<u>\$ 158,791</u>	<u>\$ 38,893</u>	<u>\$ 8,444</u>	<u>\$ 17,119</u>	<u>\$ -</u>	<u>\$ 274,229</u>	<u>\$ 497,476</u>

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

	Operating (General) Fund	Gift Fund	Rainy Day Fund	Levy Excess	Littick Genealogy Fund	Library Improvement Reserve	Totals
Cash and investments - beginning	\$ 158,791	\$ 38,893	\$ 8,444	\$ -	\$ 17,119	\$ 274,228	\$ 497,475
Receipts:							
Taxes	205,380	-	-	-	-	-	205,380
Intergovernmental	134,394	-	5,915	570	-	-	140,879
Charges for services	5,587	-	-	-	-	-	5,587
Fines and forfeits	7,815	-	-	-	-	-	7,815
Other receipts	1,060	154	-	-	-	11,969	13,183
Total receipts	<u>354,236</u>	<u>154</u>	<u>5,915</u>	<u>570</u>	<u>-</u>	<u>11,969</u>	<u>372,844</u>
Disbursements:							
Personal services	245,506	-	-	-	-	-	245,506
Supplies	26,769	-	-	-	-	-	26,769
Other services and charges	18,086	-	-	-	-	-	18,086
Capital outlay	25,864	-	-	-	-	-	25,864
Other disbursements	19,474	-	-	-	-	-	19,474
Total disbursements	<u>335,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,699</u>
Excess (deficiency) of receipts over disbursements	<u>18,537</u>	<u>154</u>	<u>5,915</u>	<u>570</u>	<u>-</u>	<u>11,969</u>	<u>37,145</u>
Cash and investments - ending	<u>\$ 177,328</u>	<u>\$ 39,047</u>	<u>\$ 14,359</u>	<u>\$ 570</u>	<u>\$ 17,119</u>	<u>\$ 286,197</u>	<u>\$ 534,620</u>

ROCKVILLE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2011, with Alberta Butler, former Treasurer; Cindy Hein, Director; and Sharon Harmon, Treasurer. Our examination disclosed no material items that warrant comment at this time.