

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

EXAMINATION REPORT
OF
PENDLETON COMMUNITY LIBRARY
MADISON COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
10/05/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Lynn Hobbs	01-01-09 to 12-31-11
Treasurer	Beverly Kilmer	01-01-09 to 12-31-11
President of the Board	Katie Hupfer Monte Hoover	01-01-09 to 06-30-09 07-01-09 to 06-30-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PENDLETON COMMUNITY LIBRARY, MADISON COUNTY, INDIANA

We have examined the financial statements of Pendleton Community 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, Schedule of Capital Assets, and Schedule of Long-Term Debt, 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.

The Library's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Library's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Library's management and Board of Directors, 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 25, 2011

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FINANCIAL STATEMENTS

PENDELTON COMMUNITY 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 Fund	\$ 38,439	\$ 1,417,292	\$ 1,291,986	\$ 163,745
State Tech Fund Grant	4,544	4,500	4,500	4,544
Gifts Fund	678	4,153	3,678	1,153
Summer Reading Fund	165	283	420	28
Employee Purchases	32	864	796	100
Memorial Fund	1,251	835	165	1,921
Friends - Clearing	1,209	5,936	7,145	-
Debt Service	107,007	631,653	668,073	70,587
Construction Fund	6,239	19	6,258	-
Capital Projects Fund	45,825	60,924	83,905	22,844
Library Improvement Reserve	71,612	2,000	1,500	72,112
Johnston-Swain Fund	1,580	166	1,529	217
Smcf Library Fund	335	103	-	438
Smcf Arabian Readers Grant	-	3,000	-	3,000
Orewiler Gift Fund	2,240	47	2,287	-
Mccf Garden Grant	-	1,500	397	1,103
Arabian Readers	816	1,132	1,383	565
Payroll Withholding	(7,772)	7,772	-	-
Plac Fund	60	1,141	1,201	-
Totals	<u>\$ 274,260</u>	<u>\$ 2,143,320</u>	<u>\$ 2,075,223</u>	<u>\$ 342,357</u>

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

PENDELTON COMMUNITY 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	\$ 163,745	\$ 1,127,487	\$ 1,172,985	\$ 118,247
Gifts Fund	1,153	3,655	2,373	2,435
Rainy Day	-	1,385	-	1,385
Summer Reading	28	465	444	49
Employee Purchases	100	1,492	1,410	182
Memorial	1,921	55	35	1,941
Levy Excess	-	2,024	2,024	-
State Tech Fund Grant	4,544	6,815	5,188	6,171
Lsta 2010 Tech Grant	-	10,000	10,000	-
Friends - Clearing Account	-	4,604	4,604	-
Debt Service	70,587	430,995	501,500	82
Capital Projects Fund	22,844	49,064	14,700	57,208
Library Improvement Reserve	72,112	81,500	70,000	83,612
Johnston-Swain	217	269	-	486
Smcf Library Fund	438	201	-	639
Arabian Readers	565	1,490	750	1,305
Arabian Reader Grant Smcf	3,000	-	3,000	-
Mccf Garden Sustainability Grant	1,103	380	1,483	-
Smcf Read & Feed Grant	-	4,000	-	4,000
Payroll Withholdings	-	1,612	-	1,612
Plac	-	1,100	800	300
Totals	<u>\$ 342,357</u>	<u>\$ 1,728,593</u>	<u>\$ 1,791,296</u>	<u>\$ 279,654</u>

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

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

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 (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.

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

License and permits which includes 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 license and permits include: peddler licenses; dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits; and gun permits.

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is 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 includes 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).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

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 which includes 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 includes 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.

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes 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 includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

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.

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

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% 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 were 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 statute (IC 5-13-9) authorizes 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

PENDLETON COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

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% 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:

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/.

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

	Operating Fund	State Tech Fund Grant	Gifts Fund	Summer Reading Fund	Employee Purchases	Memorial Fund	Friends - Clearing
Cash and investments - beginning	\$ 38,439	\$ 4,544	\$ 678	\$ 165	\$ 32	\$ 1,251	\$ 1,209
Receipts:							
Taxes	293,186	-	-	-	-	-	-
Intergovernmental	245,950	4,500	-	-	-	-	-
Charges for services	5,216	-	-	-	-	-	-
Fines and forfeits	25,264	-	-	-	-	-	-
Other receipts	847,676	-	4,153	283	864	835	5,936
Total receipts	<u>1,417,292</u>	<u>4,500</u>	<u>4,153</u>	<u>283</u>	<u>864</u>	<u>835</u>	<u>5,936</u>
Disbursements:							
Personal services	395,232	-	-	-	-	-	-
Supplies	27,188	-	-	-	-	-	-
Other services and charges	123,165	-	-	-	-	-	-
Capital outlay	85,511	-	-	-	-	-	-
Other disbursements	660,890	4,500	3,678	420	796	165	7,145
Total disbursements	<u>1,291,986</u>	<u>4,500</u>	<u>3,678</u>	<u>420</u>	<u>796</u>	<u>165</u>	<u>7,145</u>
Excess (deficiency) of receipts over disbursements	<u>125,306</u>	<u>-</u>	<u>475</u>	<u>(137)</u>	<u>68</u>	<u>670</u>	<u>(1,209)</u>
Cash and investments - ending	<u>\$ 163,745</u>	<u>\$ 4,544</u>	<u>\$ 1,153</u>	<u>\$ 28</u>	<u>\$ 100</u>	<u>\$ 1,921</u>	<u>\$ -</u>

PENDELTON COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Debt Service	Construction Fund	Capital Projects Fund	Library Improvement Reserve	Johnston-Swain Fund	Smcf Library Fund	Smcf Arabian Readers Grant
Cash and investments - beginning	\$ 107,007	\$ 6,239	\$ 45,825	\$ 71,612	\$ 1,580	\$ 335	\$ -
Receipts:							
Taxes	412,284	-	22,100	-	-	-	-
Intergovernmental	1,121	-	297	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	218,248	19	38,527	2,000	166	103	3,000
Total receipts	<u>631,653</u>	<u>19</u>	<u>60,924</u>	<u>2,000</u>	<u>166</u>	<u>103</u>	<u>3,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	461,588	-	26,419	-	-	-	-
Capital outlay	-	6,258	19,000	-	-	-	-
Other disbursements	206,485	-	38,486	1,500	1,529	-	-
Total disbursements	<u>668,073</u>	<u>6,258</u>	<u>83,905</u>	<u>1,500</u>	<u>1,529</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(36,420)</u>	<u>(6,239)</u>	<u>(22,981)</u>	<u>500</u>	<u>(1,363)</u>	<u>103</u>	<u>3,000</u>
Cash and investments - ending	<u>\$ 70,587</u>	<u>\$ -</u>	<u>\$ 22,844</u>	<u>\$ 72,112</u>	<u>\$ 217</u>	<u>\$ 438</u>	<u>\$ 3,000</u>

PENDELTON COMMUNITY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Orewiler Gift Fund	Mccf Garden Grant	Arabian Readers	Payroll Withholding	Plac Fund	Totals
Cash and investments - beginning	\$ 2,240	\$ -	\$ 816	\$ (7,772)	\$ 60	\$ 274,260
Receipts:						
Taxes	-	-	-	-	-	727,570
Intergovernmental	-	-	-	-	-	251,868
Charges for services	-	-	-	-	-	5,216
Fines and forfeits	-	-	-	-	-	25,264
Other receipts	47	1,500	1,132	7,772	1,141	1,133,402
Total receipts	47	1,500	1,132	7,772	1,141	2,143,320
Disbursements:						
Personal services	-	-	-	-	-	395,232
Supplies	-	-	1,383	-	-	28,571
Other services and charges	-	-	-	-	-	611,172
Capital outlay	-	-	-	-	-	110,769
Other disbursements	2,287	397	-	-	1,201	929,479
Total disbursements	2,287	397	1,383	-	1,201	2,075,223
Excess (deficiency) of receipts over disbursements	(2,240)	1,103	(251)	7,772	(60)	68,097
Cash and investments - ending	\$ -	\$ 1,103	\$ 565	\$ -	\$ -	\$ 342,357

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

	Operating	Gifts Fund	Rainy Day	Summer Reading	Employee Purchases	Memorial	Levy Excess	State Tech Fund Grant
Cash and investments - beginning	\$ 163,745	\$ 1,153	\$ -	\$ 28	\$ 100	\$ 1,921	\$ -	\$ 4,544
Receipts:								
Taxes	458,035	-	-	-	-	-	-	-
Intergovernmental	292,838	-	1,385	-	-	-	2,024	5,661
Charges for services	4,807	-	-	-	-	-	-	-
Fines and forfeits	21,395	-	-	-	-	-	-	-
Other receipts	350,412	3,655	-	465	1,492	55	-	1,154
Total receipts	1,127,487	3,655	1,385	465	1,492	55	2,024	6,815
Disbursements:								
Personal services	368,571	-	-	-	-	-	-	-
Supplies	23,567	-	-	-	-	-	-	-
Other services and charges	113,912	-	-	-	-	-	-	-
Capital outlay	66,344	-	-	-	-	-	-	-
Other disbursements	600,591	2,373	-	444	1,410	35	2,024	5,188
Total disbursements	1,172,985	2,373	-	444	1,410	35	2,024	5,188
Excess (deficiency) of receipts over disbursements	(45,498)	1,282	1,385	21	82	20	-	1,627
Cash and investments - ending	\$ 118,247	\$ 2,435	\$ 1,385	\$ 49	\$ 182	\$ 1,941	\$ -	\$ 6,171

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

	Lsta 2010 Tech Grant	Friends - Clearing Account	Debt Service	Capital Projects Fund	Library Improvement Reserve	Johnston-Swain	Smcf Library Fund
Cash and investments - beginning	\$ -	\$ -	\$ 70,587	\$ 22,844	\$ 72,112	\$ 217	\$ 438
Receipts:							
Taxes	-	-	268,754	42,461	-	-	-
Intergovernmental	-	-	30,841	6,422	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	10,000	4,604	131,400	181	81,500	269	201
Total receipts	10,000	4,604	430,995	49,064	81,500	269	201
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	465,500	14,700	-	-	-
Capital outlay	10,000	-	-	-	-	-	-
Other disbursements	-	4,604	36,000	-	70,000	-	-
Total disbursements	10,000	4,604	501,500	14,700	70,000	-	-
Excess (deficiency) of receipts over disbursements	-	-	(70,505)	34,364	11,500	269	201
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 57,208</u>	<u>\$ 83,612</u>	<u>\$ 486</u>	<u>\$ 639</u>

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

	Arabian Readers	Arabian Reader Grant Smcf	Mccf Garden Sustainability Grant	Smcf Read & Feed Grant	Payroll Withholdings	Plac	Totals
Cash and investments - beginning	\$ 565	\$ 3,000	\$ 1,103	\$ -	\$ -	\$ -	\$ 342,357
Receipts:							
Taxes	-	-	-	-	-	-	769,250
Intergovernmental	-	-	-	-	-	-	339,171
Charges for services	-	-	-	-	-	-	4,807
Fines and forfeits	-	-	-	-	-	-	21,395
Other receipts	1,490	-	380	4,000	1,612	1,100	593,970
Total receipts	1,490	-	380	4,000	1,612	1,100	1,728,593
Disbursements:							
Personal services	-	-	-	-	-	-	368,571
Supplies	-	-	-	-	-	-	23,567
Other services and charges	-	-	-	-	-	-	594,112
Capital outlay	-	-	-	-	-	-	76,344
Other disbursements	750	3,000	1,483	-	-	800	728,702
Total disbursements	750	3,000	1,483	-	-	800	1,791,296
Excess (deficiency) of receipts over disbursements	740	(3,000)	(1,103)	4,000	1,612	300	(62,703)
Cash and investments - ending	<u>\$ 1,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 1,612</u>	<u>\$ 300</u>	<u>\$ 279,654</u>

PENDLETON COMMUNITY LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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>Primary Government</u>	<u>Ending Balance</u>
Library assets:	
Capital assets, not being depreciated:	
Land	\$ 160,000
Buildings	5,220,000
Machinery and equipment	<u>1,556,832</u>
Total Library assets	<u>\$ 6,936,832</u>

PENDLETON COMMUNITY LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Library debt:		
Capital leases:		
Building	\$ 4,135,000	\$ 463,000
Total Debt	<u>\$ 4,135,000</u>	<u>\$ 463,000</u>

PENDLETON COMMUNITY LIBRARY
EXAMINATION RESULT AND COMMENT

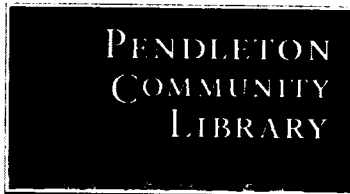
OVERDRAWN FUND BALANCES

The Operating Fund was overdrawn at month end for July, August, September, and October 2009. The Payroll Withholdings Fund was overdrawn during the course of 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENDLETON COMMUNITY LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2011, with Lynn Hobbs, Director; Beverly Kilmer, Treasurer; and Katie Hupfer, President of the Board. The official response has been made a part of this report and may be found on page 24.



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www.pendleton.lib.in.us

September 2, 2011

Pendleton Community Public Library OFFICIAL RESPONSE:

regarding overdrawn fund balances in 2009 and the Payroll Withholdings Fund during 2009 and 2010.

- The Pendleton Community Public Library contracts with ADP for payroll services. Payroll expenses are recorded in the CompuTrain System as Operating Fund #100 Appropriations expended.
 - The Payroll Fund #200 shown on the "Financial Report by Fund" represents liability portions of pay withheld from the employees but not yet forwarded to the vendors, such as quarterly PERF withholdings, Aflac insurance, group medical insurance, United Way donations, etc.
 - All payroll amounts clear through the Operating Fund where gross wages and payroll expenses are recorded. Because there are no liability accounts in the CompuTrain's cash basis setup, these Fund #200 accounts represent total payroll liabilities not yet cleared. Negative amounts in the available balance column of the Financial Report by Fund would mean there are outstanding withholdings not yet paid out or cleared out of the Fund #200 accounts.
 - Library records for the two year period ending 12/31/2008 were audited in November 2009. At that time, Eric, the auditor from SBOA, discussed with me the negative balances appearing in the month-end financial reports. It was his suggestion I clear up future negatives in Fund #200 when they appeared at month end with a transfer transaction to Operating Fund #100. Since November 2009, it's been my practice to clear any negative fund balances shown at month end as referenced in his exit audit dated November 30, 2009.
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- Regarding negative balances in the Operating Fund, the calendar year beginning January 1, 2009 had a balance of \$38,279. December 2008 settlement was forwarded by March 31, 2009. No June settlement was received. Two advances on settlement for December 2009 was received.
 - In addition a second loan from Star was received in October 2009 for \$350,000 to cover expenses of the Operating and Debt Funds until 2009 settlement money was received in March 2010. Between October 2009 and February 2010, this bank loan was used to pay normal expenses and the debt lease payment. The Operating Fund (and other funds) may have shown negative month-end balances, but the \$350,000 bank loan was in the Star checking account to bolster all library funds until county tax money was received.

Respectfully Submitted,


Lynn Hobbs
Director, Pendleton Community Public Library