

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

CULVER-UNION TOWNSHIP PUBLIC LIBRARY

MARSHALL COUNTY, INDIANA

January 1, 2017 to December 31, 2020



**FILED**  
06/23/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Colleen McCarty	01-01-17 to 09-29-20
	(Vacant)	09-30-20 to 10-11-20
	Erin Lawrence	10-12-20 to 12-31-22
Treasurer	Alfred Nyby	01-01-17 to 03-31-17
	Paul Liette	04-01-17 to 12-31-18
	Cathy Thomas	01-01-19 to 12-31-22
President of the Library Board	Melanie Robertson	01-01-17 to 12-31-18
	Flannery Posner	01-01-19 to 04-16-19
	William Githens	04-17-19 to 12-31-22



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE CULVER-UNION TOWNSHIP  
PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Culver-Union Township Public Library (Library), for the period of January 1, 2017 to December 31, 2020. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Library's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the Library uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.



Beth Kelley, CPA, CFE  
Deputy State Examiner

June 2, 2022

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
State Technology Grant Fund	\$ -	\$ 6,152	\$ 6,152	\$ -	\$ 6,416	\$ 6,210	\$ 206
Levy Excess	16	-	-	16	-	-	16
Evergreen	61	102	149	14	133	123	24
Finney Trust Gift Fund Interest	104	-	-	104	-	-	104
Carnegie Fund	1,651	-	-	1,651	160	-	1,811
Operating Fund	296,184	529,375	525,118	300,441	\$ 547,172	\$ 559,682	287,931
Payroll Fund	216	310,853	309,507	1,562	320,937	322,378	121
LIRF	55,896	-	-	55,896	-	30,000	25,896
General Gift Fund	26,208	4,959	1,354	29,813	4,753	10,779	23,787
Children's Gift Fund	521	3,225	2,875	871	3,793	3,037	1,627
Finney Trust Gift Fund	2,091	-	-	2,091	-	-	2,091
Marmon Gift Fund Principal	3,500	-	-	3,500	-	-	3,500
Marmon Gift Fund Interest	575	4	-	579	43	580	42
Rainy Day Fund	143,353	10,000	-	153,353	10,000	-	163,353
Humbert Gift Fund	130,353	592	-	130,945	1,292	-	132,237
Bond & Interest Redemption	105,975	204,365	196,000	114,340	210,003	206,000	118,343
Marmon Trust Interest from CDs	-	-	-	-	580	540	40
Indiana Humanities Grant Fund	-	-	-	-	800	500	300
LSTA Digitization (Necrology) GRANT (Reimb)	-	-	-	-	1,112	1,748	(636)
LSTA Technology (Reader/Printer) GRANT (Reimb)	-	-	-	-	2,425	2,425	-
Totals	<u>\$ 766,704</u>	<u>\$ 1,069,627</u>	<u>\$ 1,041,155</u>	<u>\$ 795,176</u>	<u>\$ 1,109,619</u>	<u>\$ 1,144,002</u>	<u>\$ 760,793</u>

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

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	
State Technology Grant Fund	\$ 206	\$ 4,733	\$ 4,339	\$ 600	\$ 4,733	\$ 3,155	\$ 2,178
Levy Excess	16	-	16	-	-	-	-
Evergreen	24	142	151	15	59	76	(2)
Finney Trust	2,195	-	-	2,195	-	-	2,195
Carnegie Gift Fund	1,811	3	1,800	14	796	150	660
Operating Fund	287,931	574,538	586,745	275,724	589,334	496,037	369,021
Payroll Fund	121	337,959	337,959	121	287,720	287,720	121
LIRF	25,896	-	25,896	-	27,947	-	27,947
General Gift Fund	23,787	4,772	5,523	23,036	11,356	4,296	30,096
Children's Gift Fund	1,627	4,525	3,051	3,101	3,358	1,792	4,667
Marmon Gift Fund Principal	3,500	-	-	3,500	-	-	3,500
Marmon Gift Fund Interest	82	78	40	120	19	-	139
Rainy Day Fund	163,353	-	-	163,353	-	-	163,353
Humbert Gift Fund	132,237	2,563	-	134,800	47,502	46,118	136,184
Bond & Interest Redemption	118,343	205,017	211,000	112,360	194,538	202,000	104,898
Indiana Humanities Grant Fund	300	218	518	-	-	-	-
LSTA Digitization (Necrology) GRANT (Reimb)	(636)	1,388	752	-	-	-	-
LSTA Technology (Reader/Printer) GRANT (Reimb)	-	250	250	-	-	-	-
CARES ACT MINI-GRANT (Reimbursable)	-	-	-	-	-	1,400	(1,400)
CONSTRUCTION	-	-	-	-	796,256	197,222	599,034
Totals	\$ 760,793	\$ 1,136,186	\$ 1,178,040	\$ 718,939	\$ 1,963,618	\$ 1,239,966	\$ 1,442,591

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

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Library was established under the laws of the State of Indiana. The Library operates under a governing board and provides culture services.

The accompanying financial statements present the financial information for the Library.

**B. Basis of Accounting**

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

**C. Cash and Investments**

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

**D. Receipts**

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Fines and forfeits.* Amounts received 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.* Amounts received from various sources, including, but 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 include the following uses:

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for 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.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for amounts 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 amounts 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 December 31 of the year preceding the budget year or January 15 of the budget year if the Library is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

**Note 6. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Library authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Library authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

*Financial Report*

INPRS 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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (844) 464-6777

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

**Note 7. Cash Balance Deficits**

The financial statements contain some funds with deficits in cash. This is a result of a fund being set up for reimbursement grants. The reimbursements for expenditures made by the Library for the LSTA Digitization Grant were not received by December 31, 2018. The reimbursements for expenditures made by the Library for the CARES ACT Mini-Grant were not received by December 31, 2020. The negative Evergreen fund balance as of December 31, 2020, is the result of a cash receipt of \$1.60 in a prior year wrongly reported as an Operating Fund fine and not as an Evergreen receipt.

**Note 8. Holding Corporation**

The Library has entered into a capital lease with the Culver-Union Township Public Library Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Library. The lessor has been determined to be a related-party of the Library. Lease payments during the years 2017, 2018, 2019, and 2020 totaled \$196,000, \$206,000, \$211,000, and \$202,000, respectively.

**Note 9. Combined Funds**

Beginning January 1, 2019, the Finney Trust Gift Fund Interest fund and the Finney Trust Gift Fund were combined into one fund called Finney Trust fund. Also, the Marmon Trust Interest from CDs and Marmon Gift Fund Interest funds were combined into one fund called Marmon Gift Fund Interest.

CULVER-UNION TOWNSHIP PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on June 2, 2022, with Erin Lawrence, Director; Cathy Thomas, Treasurer; and William Githens, President of the Library Board.