

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

NORTH MANCHESTER PUBLIC LIBRARY

WABASH COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/10/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Theresa M. Tyner Rebecca Warmuth (Interim) Brooke Bolton	01-01-10 to 03-31-11 04-01-11 to 07-19-11 07-20-11 to 12-31-12
Treasurer	Angelo J. Accetta	07-01-09 to 08-31-12
President of the Board	Brenda Self Lisa Ulrey	07-01-09 to 06-30-11 07-01-11 to 06-30-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NORTH MANCHESTER PUBLIC LIBRARY, WABASH COUNTY, INDIANA

We have examined the financial statements of North Manchester Public Library (Library), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

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 statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Library's management, Library Board, and others within the entity, 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 14, 2012

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FINANCIAL STATEMENTS

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.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 69,196	\$ 423,921	\$ 424,813	\$ 68,304
Petty Cash	150	-	-	150
Cash Change	50	-	-	50
Gift	47,274	19,258	18,453	48,079
Rainy Day	6,565	5,543	-	12,108
Technology	12,580	3,496	2,805	13,271
Gift - Orrel E. Little	53,754	-	-	53,754
Gift - Flossie Garber	100,521	-	-	100,521
Levy Excess	-	699	-	699
Library Improvement Reserve	222,420	11,020	35,221	198,219
Payroll	3,538	43,302	43,197	3,643
PLAC Card	210	390	550	50
Totals	<u>\$ 516,258</u>	<u>\$ 507,629</u>	<u>\$ 525,039</u>	<u>\$ 498,848</u>

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

NORTH MANCHESTER PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 68,304	\$ 448,993	\$ 419,083	\$ 98,214
Rainy Day	12,108	-	-	12,108
Technology	13,271	3,124	3,992	12,403
Levy Excess	699	-	699	-
Library Improvement Reserve	198,219	9,030	61,357	145,892
PLAC Card	50	450	300	200
LSTA Grant	-	10,000	10,000	-
Encumbered LIRF	-	4,700	4,700	-
Petty Cash	150	-	-	150
Cash Change	50	50	-	100
Gift	48,079	11,294	15,766	43,607
Gift - Orrel E. Little	53,754	5	-	53,759
Gift - Flossie Garber	100,521	-	-	100,521
Payroll	3,643	40,068	43,711	-
Totals	<u>\$ 498,848</u>	<u>\$ 527,714</u>	<u>\$ 559,608</u>	<u>\$ 466,954</u>

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

NORTH MANCHESTER 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 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 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 the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling 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.

NORTH MANCHESTER PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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).

Penalties which include fees received for late payments.

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 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

NORTH MANCHESTER PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Library to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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 any replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Library's 2011 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 statements 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.

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

	General	Petty Cash	Cash Change	Gift	Rainy Day	Technology	Gift - Orrel E. Little
Cash and investments - beginning	\$ 69,196	\$ 150	\$ 50	\$ 47,274	\$ 6,565	\$ 12,580	\$ 53,754
Receipts:							
Taxes	201,508	-	-	-	-	-	-
Intergovernmental	113,784	-	-	-	5,543	3,496	-
Fines and forfeits	28,247	-	-	-	-	-	-
Other receipts	80,382	-	-	19,258	-	-	-
Total receipts	423,921	-	-	19,258	5,543	3,496	-
Disbursements:							
Personal services	252,758	-	-	-	-	-	-
Supplies	14,924	-	-	9,027	-	-	-
Other services and charges	80,422	-	-	4,190	-	2,805	-
Capital outlay	70,693	-	-	5,236	-	-	-
Other disbursements	6,016	-	-	-	-	-	-
Total disbursements	424,813	-	-	18,453	-	2,805	-
Excess (deficiency) of receipts over disbursements	(892)	-	-	805	5,543	691	-
Cash and investments - ending	\$ 68,304	\$ 150	\$ 50	\$ 48,079	\$ 12,108	\$ 13,271	\$ 53,754

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

	Gift - Flossie Garber	Levy Excess	Library Improvement Reserve	Payroll	PLAC Card	Totals
Cash and investments - beginning	\$ 100,521	\$ -	\$ 222,420	\$ 3,538	\$ 210	\$ 516,258
Receipts:						
Taxes	-	699	-	-	-	202,207
Intergovernmental	-	-	-	-	-	122,823
Fines and forfeits	-	-	-	-	-	28,247
Other receipts	-	-	11,020	43,302	390	154,352
Total receipts	-	699	11,020	43,302	390	507,629
Disbursements:						
Personal services	-	-	-	43,197	-	295,955
Supplies	-	-	-	-	-	23,951
Other services and charges	-	-	35,198	-	550	123,165
Capital outlay	-	-	-	-	-	75,929
Other disbursements	-	-	23	-	-	6,039
Total disbursements	-	-	35,221	43,197	550	525,039
Excess (deficiency) of receipts over disbursements	-	699	(24,201)	105	(160)	(17,410)
Cash and investments - ending	\$ 100,521	\$ 699	\$ 198,219	\$ 3,643	\$ 50	\$ 498,848

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

	General	Rainy Day	Technology	Levy Excess	Library Improvement Reserve	PLAC Card	LSTA Grant	Encumbered LIRF
Cash and investments - beginning	\$ 68,304	\$ 12,108	\$ 13,271	\$ 699	\$ 198,219	\$ 50	\$ -	\$ -
Receipts:								
Taxes	209,427	-	-	-	-	-	-	-
Intergovernmental	77,726	-	-	-	-	-	-	-
Charges for services	30,968	-	-	-	-	450	-	-
Other receipts	130,872	-	3,124	-	9,030	-	10,000	4,700
Total receipts	<u>448,993</u>	<u>-</u>	<u>3,124</u>	<u>-</u>	<u>9,030</u>	<u>450</u>	<u>10,000</u>	<u>4,700</u>
Disbursements:								
Personal services	246,771	-	-	-	-	-	-	-
Supplies	15,400	-	-	-	-	-	-	-
Other services and charges	88,429	-	3,992	-	26,882	-	-	-
Capital outlay	63,459	-	-	-	6,975	-	10,000	-
Other disbursements	5,024	-	-	699	27,500	300	-	4,700
Total disbursements	<u>419,083</u>	<u>-</u>	<u>3,992</u>	<u>699</u>	<u>61,357</u>	<u>300</u>	<u>10,000</u>	<u>4,700</u>
Excess (deficiency) of receipts over disbursements	<u>29,910</u>	<u>-</u>	<u>(868)</u>	<u>(699)</u>	<u>(52,327)</u>	<u>150</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 98,214</u>	<u>\$ 12,108</u>	<u>\$ 12,403</u>	<u>\$ -</u>	<u>\$ 145,892</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Petty Cash	Cash Change	Gift	Gift - Orrel E. Little	Gift - Flossie Garber	Payroll	Totals
Cash and investments - beginning	\$ 150	\$ 50	\$ 48,079	\$ 53,754	\$ 100,521	\$ 3,643	\$ 498,848
Receipts:							
Taxes	-	-	-	-	-	-	209,427
Intergovernmental	-	-	-	-	-	-	77,726
Charges for services	-	-	-	-	-	-	31,418
Other receipts	-	50	11,294	5	-	40,068	209,143
Total receipts	-	50	11,294	5	-	40,068	527,714
Disbursements:							
Personal services	-	-	-	-	-	43,711	290,482
Supplies	-	-	9,786	-	-	-	25,186
Other services and charges	-	-	1,596	-	-	-	120,899
Capital outlay	-	-	152	-	-	-	80,586
Other disbursements	-	-	4,232	-	-	-	42,455
Total disbursements	-	-	15,766	-	-	43,711	559,608
Excess (deficiency) of receipts over disbursements	-	50	(4,472)	5	-	(3,643)	(31,894)
Cash and investments - ending	\$ 150	\$ 100	\$ 43,607	\$ 53,759	\$ 100,521	\$ -	\$ 466,954

NORTH MANCHESTER PUBLIC LIBRARY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 11,210</u>	<u>\$ 24,972</u>

NORTH MANCHESTER PUBLIC LIBRARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 35,000
Buildings	2,200,000
Improvements other than buildings	25,212
Machinery, equipment and vehicles	282,197
Books and other	<u>1,324,700</u>
Total capital assets	<u>\$ 3,867,109</u>

NORTH MANCHESTER PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

COMPENSATION AND BENEFITS

Brooke Bolton, Library Director, received a \$2,000 moving expense allowance during 2011. The compensation was not included in the payroll system, salary resolution or employment contract.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

NORTH MANCHESTER PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 14, 2012, with Kevin Walter, Assistant Treasurer; Brooke Bolton, Director; and Rebecca Warmuth, Bookkeeper. The officials concurred with our finding.