

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY

KOSCIUSKO COUNTY, INDIANA

November 1, 2010 to December 31, 2011



**FILED**  
03/19/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-15
Schedule of Capital Assets .....	16
Examination Results and Comments:	
Penalties, Interest, and Other Charges - Internal Revenue Service .....	17
Penalties, Interest, and Other Charges - Department of Workforce Development .....	17
Exit Conference.....	18
Summary of Charges .....	19
Affidavit .....	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Helen Leinbach	11-01-10 to 12-31-12
Treasurer	Teresa Frey	01-01-10 to 12-31-12
President of the Board	Dana Krull Eleanor Hooker	01-01-10 to 12-31-11 01-01-12 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTH WEBSTER COMMUNITY  
PUBLIC LIBRARY, KOSCIUSKO COUNTY, INDIANA

We have examined the accompanying financial statements of the North Webster Community Public Library (Library), for the period of November 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statements 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 effects on the financial statements 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do 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 November 1, 2010 to December 31, 2011.

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 period of November 1, 2010 to December 31, 2011, 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 statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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.

STATE BOARD OF ACCOUNTS

January 22, 2013

(This page intentionally left blank.)

## 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 WEBSTER COMMUNITY PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Period of November 1 2010 to December 31, 2010

Fund	Cash and Investments 11-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 210,404	\$ 203,368	\$ 91,487	\$ 322,285
Cash Change	-	105	-	105
Gift	58,447	6,000	19,050	45,397
Rainy Day	155,907	45,000	-	200,907
Levy Excess	-	1,084	-	1,084
Library Improvement Reserve	303,520	15,000	20,474	298,046
Payroll Withholdings	7,007	4,461	7,673	3,795
Plac Card	560	-	460	100
Totals	<u>\$ 735,845</u>	<u>\$ 275,018</u>	<u>\$ 139,144</u>	<u>\$ 871,719</u>

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

NORTH WEBSTER COMMUNITY 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
Operating	\$ 322,285	\$ 545,095	\$ 450,540	\$ 416,840
Rainy Day	200,907	-	-	200,907
Levy Excess	1,084	-	1,084	-
Library Improvement Reserve	298,046	15,000	-	313,046
Plac Card	100	400	350	150
Cash Change	105	-	-	105
Gift	45,397	12,678	12,111	45,964
Payroll Withholdings	3,795	41,607	41,979	3,423
Totals	<u>\$ 871,719</u>	<u>\$ 614,780</u>	<u>\$ 506,064</u>	<u>\$ 980,435</u>

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

NORTH WEBSTER COMMUNITY 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 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.

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 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.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges, lost book charges, and fines and fees.

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).

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 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

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**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.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 statement. 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**

The Library contributes to an annuity unique to the Library. Information regarding this plan may be obtained from the Library.

(This page intentionally left blank.)

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Library's Annual Report information for years 2011 and later 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 WEBSTER COMMUNITY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Period of November 1, 2010 to December 31, 2010

	Operating	Cash Change	Gift	Rainy Day	Levy Excess	Library Improvement Reserve	Payroll Withholdings	Plac Card	Totals
Cash and investments - beginning	\$ 210,404	\$ -	\$ 58,447	\$ 155,907	\$ -	\$ 303,520	\$ 7,007	\$ 560	\$ 735,845
Receipts:									
Taxes	188,721	-	-	-	-	-	-	-	188,721
Intergovernmental	-	-	-	-	1,084	-	-	-	1,084
Charges for services	508	-	-	-	-	-	-	-	508
Fines and forfeits	900	-	-	-	-	-	-	-	900
Other receipts	13,239	105	6,000	45,000	-	15,000	4,461	-	83,805
Total receipts	<u>203,368</u>	<u>105</u>	<u>6,000</u>	<u>45,000</u>	<u>1,084</u>	<u>15,000</u>	<u>4,461</u>	<u>-</u>	<u>275,018</u>
Disbursements:									
Personal services	45,693	-	-	-	-	-	-	-	45,693
Supplies	2,548	-	1,714	-	-	-	-	-	4,262
Other services and charges	8,445	-	-	-	-	-	-	-	8,445
Capital outlay	-	-	-	-	-	20,474	-	-	20,474
Other disbursements	34,801	-	17,336	-	-	-	7,673	460	60,270
Total disbursements	<u>91,487</u>	<u>-</u>	<u>19,050</u>	<u>-</u>	<u>-</u>	<u>20,474</u>	<u>7,673</u>	<u>460</u>	<u>139,144</u>
Excess (deficiency) of receipts over disbursements	<u>111,881</u>	<u>105</u>	<u>(13,050)</u>	<u>45,000</u>	<u>1,084</u>	<u>(5,474)</u>	<u>(3,212)</u>	<u>(460)</u>	<u>135,874</u>
Cash and investments - ending	<u>\$ 322,285</u>	<u>\$ 105</u>	<u>\$ 45,397</u>	<u>\$ 200,907</u>	<u>\$ 1,084</u>	<u>\$ 298,046</u>	<u>\$ 3,795</u>	<u>\$ 100</u>	<u>\$ 871,719</u>

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

	Operating	Rainy Day	Levy Excess	Library Improvement Reserve	Plac Card	Cash Change	Gift	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 322,285	\$ 200,907	\$ 1,084	\$ 298,046	\$ 100	\$ 105	\$ 45,397	\$ 3,795	\$ 871,719
Receipts:									
Taxes	359,757	-	-	-	-	-	-	-	359,757
Licenses and permits	483	-	-	-	-	-	-	-	483
Intergovernmental	126,289	-	-	-	-	-	-	-	126,289
Charges for services	3,794	-	-	-	400	-	-	-	4,194
Fines and forfeits	7,208	-	-	-	-	-	-	-	7,208
Other receipts	47,564	-	-	15,000	-	-	12,678	41,607	116,849
Total receipts	545,095	-	-	15,000	400	-	12,678	41,607	614,780
Disbursements:									
Personal services	256,400	-	-	-	-	-	-	-	256,400
Supplies	12,512	-	-	-	-	-	2,435	-	14,947
Other services and charges	89,095	-	-	-	-	-	375	-	89,470
Capital outlay	75,694	-	-	-	-	-	9,301	-	84,995
Other disbursements	16,839	-	1,084	-	350	-	-	41,979	60,252
Total disbursements	450,540	-	1,084	-	350	-	12,111	41,979	506,064
Excess (deficiency) of receipts over disbursements	94,555	-	(1,084)	15,000	50	-	567	(372)	108,716
Cash and investments - ending	\$ 416,840	\$ 200,907	\$ -	\$ 313,046	\$ 150	\$ 105	\$ 45,964	\$ 3,423	\$ 980,435

NORTH WEBSTER COMMUNITY 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:	
Infrastructure	\$ 11,317
Buildings	16,125
Machinery, equipment and vehicles	336,245
Books and other	<u>686,533</u>
Total capital assets	<u>\$ 1,050,220</u>

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES, INTEREST, AND OTHER CHARGES - INTERNAL REVENUE SERVICE***

The Library incurred penalties and interest resulting from late payments to the Internal Revenue Service for the period ending September 30, 2009, of \$1,105.91.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

We are requesting that the former Bookkeeper, Kristi Rhodes, repay the Library \$1,105.91 for penalties and interest paid to the Internal Revenue Service. (See Summary of Charges, page 19)

***PENALTIES, INTEREST, AND OTHER CHARGES - DEPARTMENT OF WORKFORCE DEVELOPMENT***

The Library incurred penalties of \$25.30 and interest of \$48.08 resulting from late payments to the Department of Workforce Development for the period January 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

We are requesting the former Bookkeeper, Kristi Rhodes, repay the Library \$73.38 for penalties and interest paid to the Department of Workforce Development. (See Summary of Charges, page 19)

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2013, with Helen Leinbach, Director, and Eleanor Hooker, President of the Board. The officials concurred with our findings.

The contents of this report were discussed via telephone conversation on January 22, 2013, with Kristi Rhodes, former Bookkeeper. She concurred with our findings.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kristi Rhodes, former Bookkeeper:			
Penalties, Interest, and Other Charges -			
Internal Revenue Service, page 17	\$ 1,105.91	\$ -	\$ 1,105.91
Penalties, Interest, and Other Charges -			
Department of Workforce Development, page 17	<u>73.38</u>	<u>-</u>	<u>73.38</u>
Totals	<u>\$ 1,179.29</u>	<u>\$ -</u>	<u>\$ 1,179.29</u>

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA            )  
  )  
Fulton COUNTY            )

We, Kristina K Girton and Chunyan Zhao, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the North Webster Community Public Library, Kosciusko County, Indiana, for the period from November 1, 2010 to December 31, 2011, is true and correct to the best of our knowledge and belief.

Kristina K Girton

CHUNYAN ZHAO  
Field Examiners

Subscribed and sworn to before me this 20 day of Feb, 2013

Heather Redinger  
Notary Public  
Heather Redinger

My Commission Expires: Oct 22, 2015

County of Residence: Fulton