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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

DUNKIRK PUBLIC LIBRARY

JAY COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED

10/03/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Alesia Franklin	01-01-11 to 10-31-12
	Karen Rees	11-01-12 to 05-31-13
	Gay Rife	06-01-13 to 08-04-13
	Beth A. Davidson	08-05-13 to 12-31-13
Treasurer	Marsha Fuller	01-01-11 to 06-30-12
	Stephanie Walter	07-01-12 to 09-30-13
President of the Board	Sandra Rogers	01-01-11 to 09-30-12
	Tommy Phillips II	10-01-12 to 09-30-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DUNKIRK PUBLIC LIBRARY, JAY COUNTY, INDIANA

We have examined the accompanying financial statement of the Dunkirk Public Library (Library), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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 statement 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.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does 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 January 1, 2011 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Library for the period of January 1, 2011 to December 31, 2012, 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 statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

September 12, 2013

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FINANCIAL STATEMENT

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

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DUNKIRK PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 57,423	\$ 142,347	\$ 163,581	\$ 36,189	\$ 169,023	\$ 161,525	\$ 43,687
Museum Petty Cash	40	-	-	40	-	-	40
Rainy Day	6,157	-	4,296	1,861	-	-	1,861
State Technology Grant	1,880	1,043	1,260	1,663	1,731	1,655	1,739
Summer Reading Gift	1	1,983	1,825	159	1,838	1,745	252
Library Improvement Reserve	22,863	10,288	20,000	13,151	23,000	23,041	13,110
LIRF Investment 2	5,149	10,139	5,288	10,000	-	-	10,000
LIRF Investment 3	-	10,000	-	10,000	10,040	10,000	10,040
LIRF Investment 1	5,204	-	-	5,204	66	-	5,270
Video	-	-	-	-	505	398	107
Levy Excess	-	-	-	-	912	-	912
Petty Cash	50	-	-	50	-	-	50
Cash Change	30	-	-	30	-	-	30
Gift	48	188	197	39	322	360	1
Teens Read at the Library	151	90	187	54	150	28	176
Museum Gift	2,700	4,769	4,149	3,320	3,240	6,253	307
Books Gift	232	14	14	232	-	232	-
Totals	\$ 101,928	\$ 180,861	\$ 200,797	\$ 81,992	\$ 210,827	\$ 205,237	\$ 87,582

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

DUNKIRK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Library.

B. Basis of Accounting

The financial statement is 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 statement. 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.

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.

DUNKIRK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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).

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 statement. 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 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.

DUNKIRK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

DUNKIRK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 6. Combined Funds

Funds related to General, Petty Cash and Cash Change Funds are reported individually in the current financial statement but were combined into one fund in the prior financial statement.

Funds related to Library Improvement Reserve, LIRF Investment 1, LIRF Investment 2 and LIRF Investment 3 Funds are reported individually in the current financial statement but were combined into one fund in the prior financial statement.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 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 statement contained in this report and the financial information presented in the Annual Reports of the Library which is 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.

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

	Operating	Museum Petty Cash	Rainy Day	State Technology Grant	Summer Reading Gift	Library Improvement Reserve	LIRF Investment 2	LIRF Investment 3	LIRF Investment 1
Cash and investments - beginning	\$ 57,423	\$ 40	\$ 6,157	\$ 1,880	\$ 1	\$ 22,863	\$ 5,149	\$ -	\$ 5,204
Receipts:									
Taxes	114,898	-	-	-	-	-	-	-	-
Intergovernmental	18,895	-	-	-	-	-	-	-	-
Charges for services	4,239	-	-	1,043	-	-	-	-	-
Fines and forfeits	2,592	-	-	-	-	-	-	-	-
Other receipts	1,723	-	-	-	1,983	10,288	10,139	10,000	-
Total receipts	142,347	-	-	1,043	1,983	10,288	10,139	10,000	-
Disbursements:									
Personal services	97,590	-	-	-	-	-	-	-	-
Supplies	6,572	-	-	-	1,732	-	-	-	-
Other services and charges	29,454	-	4,296	1,260	78	-	-	-	-
Capital outlay	24,875	-	-	-	15	-	-	-	-
Other disbursements	5,090	-	-	-	-	20,000	5,288	-	-
Total disbursements	163,581	-	4,296	1,260	1,825	20,000	5,288	-	-
Excess (deficiency) of receipts over disbursements	(21,234)	-	(4,296)	(217)	158	(9,712)	4,851	10,000	-
Cash and investments - ending	\$ 36,189	\$ 40	\$ 1,861	\$ 1,663	\$ 159	\$ 13,151	\$ 10,000	\$ 10,000	\$ 5,204

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

	Video	Levy Excess	Petty Cash	Cash Change	Gift	Teens Read at the Library	Museum Gift	Books Gift	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 50	\$ 30	\$ 48	\$ 151	\$ 2,700	\$ 232	\$ 101,928
Receipts:									
Taxes	-	-	-	-	-	-	-	-	114,898
Intergovernmental	-	-	-	-	-	-	-	-	18,895
Charges for services	-	-	-	-	-	-	40	-	5,322
Fines and forfeits	-	-	-	-	-	-	-	14	2,606
Other receipts	-	-	-	-	188	90	4,729	-	39,140
Total receipts	-	-	-	-	188	90	4,769	14	180,861
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	97,590
Supplies	-	-	-	-	197	162	2,022	-	10,685
Other services and charges	-	-	-	-	-	-	1,769	-	36,857
Capital outlay	-	-	-	-	-	-	308	-	25,198
Other disbursements	-	-	-	-	-	25	50	14	30,467
Total disbursements	-	-	-	-	197	187	4,149	14	200,797
Excess (deficiency) of receipts over disbursements	-	-	-	-	(9)	(97)	620	-	(19,936)
Cash and investments - ending	\$ -	\$ -	\$ 50	\$ 30	\$ 39	\$ 54	\$ 3,320	\$ 232	\$ 81,992

DUNKIRK PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Operating	Museum Petty Cash	Rainy Day	State Technology Grant	Summer Reading Gift	Library Improvement Reserve	LIRF Investment 2	LIRF Investment 3	LIRF Investment 1
Cash and investments - beginning	\$ 36,189	\$ 40	\$ 1,861	\$ 1,663	\$ 159	\$ 13,151	\$ 10,000	\$ 10,000	\$ 5,204
Receipts:									
Taxes	101,576	-	-	-	-	-	-	-	-
Intergovernmental	40,990	-	-	1,731	-	-	-	-	-
Charges for services	5,695	-	-	-	-	-	-	-	-
Fines and forfeits	2,441	-	-	-	-	-	-	-	-
Other receipts	18,321	-	-	-	1,838	23,000	-	10,040	66
Total receipts	<u>169,023</u>	<u>-</u>	<u>-</u>	<u>1,731</u>	<u>1,838</u>	<u>23,000</u>	<u>-</u>	<u>10,040</u>	<u>66</u>
Disbursements:									
Personal services	86,267	-	-	-	-	-	-	-	-
Supplies	6,381	-	-	-	1,521	-	-	-	-
Other services and charges	30,407	-	-	-	72	-	-	-	-
Capital outlay	20,470	-	-	1,655	152	-	-	-	-
Other disbursements	18,000	-	-	-	-	23,041	-	10,000	-
Total disbursements	<u>161,525</u>	<u>-</u>	<u>-</u>	<u>1,655</u>	<u>1,745</u>	<u>23,041</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>7,498</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>93</u>	<u>(41)</u>	<u>-</u>	<u>40</u>	<u>66</u>
Cash and investments - ending	<u>\$ 43,687</u>	<u>\$ 40</u>	<u>\$ 1,861</u>	<u>\$ 1,739</u>	<u>\$ 252</u>	<u>\$ 13,110</u>	<u>\$ 10,000</u>	<u>\$ 10,040</u>	<u>\$ 5,270</u>

DUNKIRK PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Video	Levy Excess	Petty Cash	Cash Change	Gift	Teens Read at the Library	Museum Gift	Books Gift	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 50	\$ 30	\$ 39	\$ 54	\$ 3,320	\$ 232	\$ 81,992
Receipts:									
Taxes	-	-	-	-	-	-	-	-	101,576
Intergovernmental	-	912	-	-	-	-	-	-	43,633
Charges for services	-	-	-	-	150	-	-	-	5,845
Fines and forfeits	505	-	-	-	41	-	-	-	2,987
Other receipts	-	-	-	-	131	150	3,240	-	56,786
Total receipts	505	912	-	-	322	150	3,240	-	210,827
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	86,267
Supplies	-	-	-	-	110	-	1,955	-	9,967
Other services and charges	-	-	-	-	150	28	2,619	-	33,276
Capital outlay	398	-	-	-	-	-	1,679	232	24,586
Other disbursements	-	-	-	-	100	-	-	-	51,141
Total disbursements	398	-	-	-	360	28	6,253	232	205,237
Excess (deficiency) of receipts over disbursements	107	912	-	-	(38)	122	(3,013)	(232)	5,590
Cash and investments - ending	\$ 107	\$ 912	\$ 50	\$ 30	\$ 1	\$ 176	\$ 307	\$ -	\$ 87,582

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DUNKIRK PUBLIC LIBRARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	\$ 10,000
Buildings	260,000
Machinery, equipment, and vehicles	311,920
Books and other	<u>978,932</u>
Total capital assets	<u>\$ 1,560,852</u>

DUNKIRK PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2013, with Beth A. Davidson, Director. Our examination disclosed no material items that warrant comment at this time.