

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

WASHINGTON CARNEGIE PUBLIC LIBRARY

DAVISS COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
12/18/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	7
Notes to Financial Statement.....	8-11
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Capital Assets.....	19
Examination Result and Comment:	
Penalties, Interest, and Other Charges	20
Exit Conference.....	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Teresa Heidenreich	01-01-11 to 12-31-13
Treasurer	Thomas Brummett Gillian Smeltzer	01-01-11 to 12-31-11 01-01-12 to 12-31-13
President of the Board	Martin Mumaw, III Lee Hoefling	01-01-11 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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WASHINGTON CARNEGIE
PUBLIC LIBRARY, DAVIESS COUNTY, INDIANA

We have examined the accompanying financial statement of the Washington Carnegie 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 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. 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. 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 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 4, 2013

(This page intentionally left blank.)

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.

φ

(This page intentionally left blank.)

WASHINGTON CARNEGIE 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
General	\$ 110,555	\$ 481,921	\$ 451,658	\$ 140,818	\$ 387,547	\$ 398,766	\$ 129,599
Rainy Day	90,932	108	-	91,040	211	-	91,251
Levy Excess	1,479	-	1,479	-	7,800	-	7,800
Library Improvement Reserve	102,379	-	18,008	84,371	-	-	84,371
One Book One Community Gift	-	-	-	-	6,500	6,131	369
Petty Cash	35	-	-	35	-	-	35
Cash Change	50	-	-	50	-	-	50
Gift	2,486	3,772	3,069	3,189	2,683	3,876	1,996
Local Library Connectivity Grant	1,385	-	1,050	335	1,591	540	1,386
Youth Gift	664	2,465	2,225	904	3,745	3,803	846
Daviess County Community Foundation Grant	3,000	4,000	3,198	3,802	4,750	3,802	4,750
Gates Foundation Grant	183	6,500	6,683	-	-	-	-
Bond and Interest Redemption	32,554	39,684	55,495	16,743	-	16,743	-
Payroll Withholdings	-	46,687	46,687	-	47,274	47,274	-
Totals	\$ 345,702	\$ 585,137	\$ 589,552	\$ 341,287	\$ 462,101	\$ 480,935	\$ 322,453

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

WASHINGTON CARNEGIE 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 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 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), 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.

WASHINGTON CARNEGIE 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.

Debt service principal and interest which include 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 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

WASHINGTON CARNEGIE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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.

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

WASHINGTON CARNEGIE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Library authority to 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

(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/.

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 statement 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.

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

	General	Rainy Day	Levy Excess	Library Improvement Reserve	Petty Cash	Cash Change	Gift
Cash and investments - beginning	\$ 110,555	\$ 90,932	\$ 1,479	\$ 102,379	\$ 35	\$ 50	\$ 2,486
Receipts:							
Taxes	194,007	-	-	-	-	-	-
Intergovernmental	133,598	-	-	-	-	-	-
Charges for services	28,985	-	-	-	-	-	-
Fines and forfeits	4,395	-	-	-	-	-	-
Other receipts	120,936	108	-	-	-	-	3,772
Total receipts	481,921	108	-	-	-	-	3,772
Disbursements:							
Personal services	250,521	-	-	-	-	-	-
Supplies	5,299	-	-	-	-	-	-
Other services and charges	94,208	-	-	-	-	-	-
Debt service - principal and interest	66,973	-	-	-	-	-	-
Capital outlay	34,657	-	-	18,008	-	-	-
Other disbursements	-	-	1,479	-	-	-	3,069
Total disbursements	451,658	-	1,479	18,008	-	-	3,069
Excess (deficiency) of receipts over disbursements	30,263	108	(1,479)	(18,008)	-	-	703
Cash and investments - ending	\$ 140,818	\$ 91,040	\$ -	\$ 84,371	\$ 35	\$ 50	\$ 3,189

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

	Local Library Connectivity Grant	Youth Gift	Daviess County Community Foundation Grant	Gates Foundation Grant	Bond and Interest Redemption	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 1,385	\$ 664	\$ 3,000	\$ 183	\$ 32,554	\$ -	\$ 345,702
Receipts:							
Taxes	-	-	-	-	33,435	-	227,442
Intergovernmental	-	-	-	-	6,249	-	139,847
Charges for services	-	-	-	-	-	-	28,985
Fines and forfeits	-	-	-	-	-	-	4,395
Other receipts	-	2,465	4,000	6,500	-	46,687	184,468
Total receipts	-	2,465	4,000	6,500	39,684	46,687	585,137
Disbursements:							
Personal services	-	-	-	-	-	-	250,521
Supplies	-	-	-	-	-	-	5,299
Other services and charges	-	-	-	-	-	-	94,208
Debt service - principal and interest	-	-	-	-	55,495	-	122,468
Capital outlay	-	-	3,198	6,683	-	-	62,546
Other disbursements	1,050	2,225	-	-	-	46,687	54,510
Total disbursements	1,050	2,225	3,198	6,683	55,495	46,687	589,552
Excess (deficiency) of receipts over disbursements	(1,050)	240	802	(183)	(15,811)	-	(4,415)
Cash and investments - ending	<u>\$ 335</u>	<u>\$ 904</u>	<u>\$ 3,802</u>	<u>\$ -</u>	<u>\$ 16,743</u>	<u>\$ -</u>	<u>\$ 341,287</u>

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

	General	Rainy Day	Levy Excess	Library Improvement Reserve	One Book One Community Gift	Petty Cash	Cash Change
Cash and investments - beginning	\$ 140,818	\$ 91,040	\$ -	\$ 84,371	\$ -	\$ 35	\$ 50
Receipts:							
Taxes	192,559	-	-	-	-	-	-
Intergovernmental	147,516	-	7,800	-	-	-	-
Charges for services	30,710	-	-	-	-	-	-
Other receipts	16,762	211	-	-	6,500	-	-
Total receipts	<u>387,547</u>	<u>211</u>	<u>7,800</u>	<u>-</u>	<u>6,500</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	250,081	-	-	-	-	-	-
Supplies	7,425	-	-	-	-	-	-
Other services and charges	94,538	-	-	-	-	-	-
Capital outlay	46,722	-	-	-	-	-	-
Other disbursements	-	-	-	-	6,131	-	-
Total disbursements	<u>398,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,131</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(11,219)</u>	<u>211</u>	<u>7,800</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 129,599</u>	<u>\$ 91,251</u>	<u>\$ 7,800</u>	<u>\$ 84,371</u>	<u>\$ 369</u>	<u>\$ 35</u>	<u>\$ 50</u>

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

	Gift	Local Library Connectivity Grant	Youth Gift	Daviess County Community Foundation Grant	Bond and Interest Redemption	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 3,189	\$ 335	\$ 904	\$ 3,802	\$ 16,743	\$ -	\$ 341,287
Receipts:							
Taxes	-	-	-	-	-	-	192,559
Intergovernmental	-	-	-	-	-	-	155,316
Charges for services	-	1,591	-	-	-	-	32,301
Other receipts	2,683	-	3,745	4,750	-	47,274	81,925
Total receipts	2,683	1,591	3,745	4,750	-	47,274	462,101
Disbursements:							
Personal services	-	-	-	-	-	-	250,081
Supplies	-	-	-	-	-	-	7,425
Other services and charges	-	-	-	-	-	-	94,538
Capital outlay	-	-	-	-	-	-	46,722
Other disbursements	3,876	540	3,803	3,802	16,743	47,274	82,169
Total disbursements	3,876	540	3,803	3,802	16,743	47,274	480,935
Excess (deficiency) of receipts over disbursements	(1,193)	1,051	(58)	948	(16,743)	-	(18,834)
Cash and investments - ending	\$ 1,996	\$ 1,386	\$ 846	\$ 4,750	\$ -	\$ -	\$ 322,453

(This page intentionally left blank.)

WASHINGTON CARNEGIE 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.

	Ending Balance
Governmental activities:	
Land	\$ 57,000
Infrastructure	231,403
Buildings	3,000,000
Machinery, equipment, and vehicles	106,018
Books and other	1,738,073
Total governmental activities	5,132,494
Total capital assets	\$ 5,132,494

WASHINGTON CARNEGIE PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

The Library paid penalties to the U.S. Department of the Treasury in the amount of \$389 because the Library did not remit payments on a timely basis.

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.

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)

WASHINGTON CARNEGIE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2013, with Teresa Heidenreich, Director, and Gillian Smeltzer, Treasurer. The officials concurred with our finding.