

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

FARMLAND PUBLIC LIBRARY

RANDOLPH COUNTY, INDIANA

January 1, 2012 to December 31, 2014



**FILED**  
08/06/2015



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis .....	6-8
Notes to Financial Statements.....	9-12
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and	
Investment Balances - Regulatory Basis .....	14-19
Schedule of Capital Assets.....	20

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Joseph Skeen Carrie Watson	01-01-12 to 02-28-14 03-01-14 to 12-31-15
Treasurer	Connie Howell	01-01-12 to 12-31-15
President of the Board	Paula Keister Jack Chalfant	01-01-12 to 04-30-15 05-01-15 to 12-31-15



**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 FARMLAND PUBLIC LIBRARY, RANDOLPH COUNTY, INDIANA

We have examined the accompanying financial statements of the Farmland Public Library (Library), for the period of January 1, 2012 to December 31, 2014. 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 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 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.

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 January 1, 2012 to December 31, 2014.

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 January 1, 2012 to December 31, 2014, 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.

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

June 3, 2015

(This page intentionally left blank.)

## 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.

FARMLAND PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Operating Fund	\$ 21,821	\$ 42,558	\$ 47,243	\$ 17,136
Rainy Day	1,250	-	-	1,250
Plac Fund	-	400	350	50
Gift	2,264	414	-	2,678
Restricted Gift	31	250	250	31
Excess Levy	90	286	90	286
Federal Tax	-	2,559	2,559	-
State Tax	-	831	831	-
County Tax	-	345	345	-
FICA and Medicaid	-	1,382	1,382	-
Totals	<u>\$ 25,456</u>	<u>\$ 49,025</u>	<u>\$ 53,050</u>	<u>\$ 21,431</u>

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



FARMLAND PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Operating Fund	\$ 17,136	\$ 43,305	\$ 41,902	\$ 18,539
Rainy Day	1,250	-	-	1,250
Plac Fund	50	500	550	-
Friends of the Library	-	200	200	-
ONB Foundation	-	250	250	-
Community Foundation of Randolph County	-	250	197	53
Gift	2,678	888	708	2,858
Restricted Gift	31	80	30	81
Excess Levy	286	-	-	286
Federal Tax	-	2,449	2,449	-
State Tax	-	794	794	-
County Tax	-	350	350	-
FICA and Medicaid	-	1,786	1,786	-
Totals	<u>\$ 21,431</u>	<u>\$ 50,852</u>	<u>\$ 49,216</u>	<u>\$ 23,067</u>

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

FARMLAND PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Operating Fund	\$ 18,539	\$ 43,405	\$ 45,684	\$ 16,260
Rainy Day	1,250	-	300	950
Plac Fund	-	400	400	-
ONB Foundation	-	250	250	-
Community Foundation of Randolph County	53	-	53	-
Gift	2,858	179	126	2,911
Restricted Gift	81	-	-	81
Excess Levy	286	5	286	5
Federal Tax	-	2,134	2,134	-
State Tax	-	784	784	-
County Tax	-	346	346	-
FICA and Medicaid	-	1,842	1,842	-
Totals	<u>\$ 23,067</u>	<u>\$ 49,345</u>	<u>\$ 52,205</u>	<u>\$ 20,207</u>

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

FARMLAND 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 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 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.

FARMLAND PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

FARMLAND 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 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.

**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.

FARMLAND 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.

#### OTHER INFORMATION - UNAUDITED

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 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 other information presented was approved by management of the Library. It is presented as intended by the Library.

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

	Operating Fund	Rainy Day	Plac Fund	Gift	Restricted Gift	Excess Levy
Cash and investments - beginning	\$ 21,821	\$ 1,250	\$ -	\$ 2,264	\$ 31	\$ 90
Receipts:						
Taxes	23,365	-	-	-	-	-
Intergovernmental	11,502	-	-	-	-	-
Charges for services	7,163	-	400	-	-	-
Fines and forfeits	403	-	-	-	-	-
Other receipts	125	-	-	414	250	286
Total receipts	42,558	-	400	414	250	286
Disbursements:						
Personal services	26,321	-	-	-	-	-
Supplies	1,497	-	-	-	-	-
Other services and charges	9,692	-	-	-	-	-
Capital outlay	9,378	-	-	-	-	-
Other disbursements	355	-	350	-	250	90
Total disbursements	47,243	-	350	-	250	90
Excess (deficiency) of receipts over disbursements	(4,685)	-	50	414	-	196
Cash and investments - ending	\$ 17,136	\$ 1,250	\$ 50	\$ 2,678	\$ 31	\$ 286



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

	Federal Tax	State Tax	County Tax	FICA and Medicaid	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 25,456
Receipts:					
Taxes	-	-	-	-	23,365
Intergovernmental	-	-	-	-	11,502
Charges for services	-	-	-	-	7,563
Fines and forfeits	-	-	-	-	403
Other receipts	2,559	831	345	1,382	6,192
Total receipts	2,559	831	345	1,382	49,025
Disbursements:					
Personal services	-	-	-	-	26,321
Supplies	-	-	-	-	1,497
Other services and charges	-	-	-	-	9,692
Capital outlay	-	-	-	-	9,378
Other disbursements	2,559	831	345	1,382	6,162
Total disbursements	2,559	831	345	1,382	53,050
Excess (deficiency) of receipts over disbursements	-	-	-	-	(4,025)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 21,431

FARMLAND PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	Operating Fund	Rainy Day	Plac Fund	Friends of the Library	ONB Foundation	Community Foundation of Randolph County	Gift
Cash and investments - beginning	\$ 17,136	\$ 1,250	\$ 50	\$ -	\$ -	\$ -	\$ 2,678
Receipts:							
Taxes	24,528	-	-	-	-	-	-
Intergovernmental	11,335	-	-	-	-	-	-
Charges for services	7,157	-	500	-	-	-	-
Fines and forfeits	283	-	-	-	-	-	-
Other receipts	<u>2</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>250</u>	<u>250</u>	<u>888</u>
Total receipts	<u>43,305</u>	<u>-</u>	<u>500</u>	<u>200</u>	<u>250</u>	<u>250</u>	<u>888</u>
Disbursements:							
Personal services	25,131	-	-	-	-	-	-
Supplies	957	-	-	-	-	-	-
Other services and charges	8,833	-	-	-	-	-	-
Capital outlay	6,900	-	-	-	-	-	508
Other disbursements	<u>81</u>	<u>-</u>	<u>550</u>	<u>200</u>	<u>250</u>	<u>197</u>	<u>200</u>
Total disbursements	<u>41,902</u>	<u>-</u>	<u>550</u>	<u>200</u>	<u>250</u>	<u>197</u>	<u>708</u>
Excess (deficiency) of receipts over disbursements	<u>1,403</u>	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>180</u>
Cash and investments - ending	<u>\$ 18,539</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 2,858</u>

FARMLAND PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Restricted Gift	Excess Levy	Federal Tax	State Tax	County Tax	FICA and Medicaid	Totals
Cash and investments - beginning	\$ 31	\$ 286	\$ -	\$ -	\$ -	\$ -	\$ 21,431
Receipts:							
Taxes	-	-	-	-	-	-	24,528
Intergovernmental	-	-	-	-	-	-	11,335
Charges for services	-	-	-	-	-	-	7,657
Fines and forfeits	-	-	-	-	-	-	283
Other receipts	80	-	2,449	794	350	1,786	7,049
Total receipts	80	-	2,449	794	350	1,786	50,852
Disbursements:							
Personal services	-	-	-	-	-	-	25,131
Supplies	-	-	-	-	-	-	957
Other services and charges	-	-	-	-	-	-	8,833
Capital outlay	30	-	-	-	-	-	7,438
Other disbursements	-	-	2,449	794	350	1,786	6,857
Total disbursements	30	-	2,449	794	350	1,786	49,216
Excess (deficiency) of receipts over disbursements	50	-	-	-	-	-	1,636
Cash and investments - ending	\$ 81	\$ 286	\$ -	\$ -	\$ -	\$ -	\$ 23,067

FARMLAND PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	Operating Fund	Rainy Day	Plac Fund	ONB Foundation	Community Foundation of Randolph County	Gift	Restricted Gift
Cash and investments - beginning	\$ 18,539	\$ 1,250	\$ -	\$ -	\$ 53	\$ 2,858	\$ 81
Receipts:							
Taxes	23,381	-	-	-	-	-	-
Intergovernmental	12,298	-	-	-	-	-	-
Charges for services	7,049	-	400	-	-	-	-
Fines and forfeits	388	-	-	-	-	-	-
Other receipts	289	-	-	250	-	179	-
Total receipts	43,405	-	400	250	-	179	-
Disbursements:							
Personal services	25,914	-	-	-	-	-	-
Supplies	1,071	-	-	17	-	-	-
Other services and charges	8,807	-	-	50	-	125	-
Capital outlay	9,645	300	-	-	-	-	-
Other disbursements	247	-	400	183	53	1	-
Total disbursements	45,684	300	400	250	53	126	-
Excess (deficiency) of receipts over disbursements	(2,279)	(300)	-	-	(53)	53	-
Cash and investments - ending	<u>\$ 16,260</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,911</u>	<u>\$ 81</u>

FARMLAND PUBLIC LIBRARY  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2014  
(Continued)

	Excess Levy	Federal Tax	State Tax	County Tax	FICA and Medicaid	Totals
Cash and investments - beginning	\$ 286	\$ -	\$ -	\$ -	\$ -	\$ 23,067
Receipts:						
Taxes	5	-	-	-	-	23,386
Intergovernmental	-	-	-	-	-	12,298
Charges for services	-	-	-	-	-	7,449
Fines and forfeits	-	-	-	-	-	388
Other receipts	-	2,134	784	346	1,842	5,824
Total receipts	5	2,134	784	346	1,842	49,345
Disbursements:						
Personal services	-	-	-	-	-	25,914
Supplies	-	-	-	-	-	1,088
Other services and charges	-	-	-	-	-	8,982
Capital outlay	-	-	-	-	-	9,945
Other disbursements	286	2,134	784	346	1,842	6,276
Total disbursements	286	2,134	784	346	1,842	52,205
Excess (deficiency) of receipts over disbursements	(281)	-	-	-	-	(2,860)
Cash and investments - ending	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 20,207

FARMLAND PUBLIC LIBRARY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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:	
Books and other	<u>\$ 219,099</u>
Total capital assets	<u><u>\$ 219,099</u></u>