

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

GARRETT PUBLIC LIBRARY

DEKALB COUNTY, INDIANA

January 1, 2014 to December 31, 2015



FILED
06/13/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Cate Birdseye	01-01-14 to 08-31-14
	Matthew Etzel	09-01-14 to 12-31-16
Treasurer	Mary Placencia	01-01-14 to 12-31-16
President of the Board	Robert Novy	01-01-14 to 12-31-14
	Ryan Myers	01-01-15 to 12-31-16



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE GARRETT PUBLIC LIBRARY, DEKALB COUNTY, INDIANA

We have examined the accompanying financial statement of the Garrett Public Library (Library), for the period of January 1, 2014 to December 31, 2015. 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.

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, 2014 to December 31, 2015.

In our opinion, the financial statement 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, 2014 to December 31, 2015, 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 Leases and Debt, 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

March 22, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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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GARRETT PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 312,499	\$ 646,280	\$ 663,678	\$ 295,101	\$ 702,037	\$ 598,035	\$ 399,103
Rainy Day	59,014	-	-	59,014	111,800	-	170,814
Excess Levy	5	-	-	5	-	-	5
Library Improvement Reserve	459,423	377,453	344,449	492,427	-	131,423	361,004
PLAC	-	100	100	-	195	195	-
Construction	1,333,825	-	1,333,825	-	-	-	-
Expansion	282,453	10,498	287,959	4,992	-	-	4,992
Bond Debt Service	-	236,870	147,400	89,470	145,028	149,822	84,676
Payroll Withholdings	91	8,008	8,000	99	8	-	107
State Technology Grant	77	10,000	9,452	625	11,339	5,380	6,584
Gift	4,179	4,286	4,232	4,233	6,465	500	10,198
Grant	4,722	22,570	20,803	6,489	80	80	6,489
Totals	<u>\$ 2,456,288</u>	<u>\$ 1,316,065</u>	<u>\$ 2,819,898</u>	<u>\$ 952,455</u>	<u>\$ 976,952</u>	<u>\$ 885,435</u>	<u>\$ 1,043,972</u>

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

GARRETT 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 may include the following sources:

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

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

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

GARRETT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 may include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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 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.

GARRETT 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.

GARRETT PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 a cost-sharing 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
One North Capitol, 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.

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

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

	General	Rainy Day	Excess Levy	Library Improvement Reserve	PLAC	Construction	Expansion
Cash and investments - beginning	\$ 312,499	\$ 59,014	\$ 5	\$ 459,423	\$ -	\$ 1,333,825	\$ 282,453
Receipts:							
Taxes	446,261	-	-	-	-	-	-
Intergovernmental	185,901	-	-	-	-	-	-
Charges for services	9,686	-	-	-	100	-	-
Other receipts	4,432	-	-	377,453	-	-	10,498
Total receipts	646,280	-	-	377,453	100	-	10,498
Disbursements:							
Personal services	389,737	-	-	-	-	-	-
Supplies	10,623	-	-	-	-	-	-
Other services and charges	114,348	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	68,950	-	-	339,449	-	1,333,825	5,206
Other disbursements	80,020	-	-	5,000	100	-	282,753
Total disbursements	663,678	-	-	344,449	100	1,333,825	287,959
Excess (deficiency) of receipts over disbursements	(17,398)	-	-	33,004	-	(1,333,825)	(277,461)
Cash and investments - ending	\$ 295,101	\$ 59,014	\$ 5	\$ 492,427	\$ -	\$ -	\$ 4,992

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

	Bond Debt Service	Payroll Withholdings	StateTechnology Grant	Gift	Grant	Totals
Cash and investments - beginning	\$ -	\$ 91	\$ 77	\$ 4,179	\$ 4,722	\$ 2,456,288
Receipts:						
Taxes	220,535	-	-	-	-	666,796
Intergovernmental	16,335	-	-	-	-	202,236
Charges for services	-	-	-	-	-	9,786
Other receipts	-	8,008	10,000	4,286	22,570	437,247
Total receipts	236,870	8,008	10,000	4,286	22,570	1,316,065
Disbursements:						
Personal services	-	-	-	-	-	389,737
Supplies	-	-	-	-	-	10,623
Other services and charges	-	-	-	-	2,356	116,704
Debt service - principal and interest	147,400	-	-	-	-	147,400
Capital outlay	-	-	-	-	18,447	1,765,877
Other disbursements	-	8,000	9,452	4,232	-	389,557
Total disbursements	147,400	8,000	9,452	4,232	20,803	2,819,898
Excess (deficiency) of receipts over disbursements	89,470	8	548	54	1,767	(1,503,833)
Cash and investments - ending	\$ 89,470	\$ 99	\$ 625	\$ 4,233	\$ 6,489	\$ 952,455

GARRETT PUBLIC LIBRARY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2015

	General	Rainy Day	Excess Levy	Library Improvement Reserve	PLAC	Construction	Expansion
Cash and investments - beginning	\$ 295,101	\$ 59,014	\$ 5	\$ 492,427	\$ -	\$ -	\$ 4,992
Receipts:							
Taxes	490,512	-	-	-	-	-	-
Intergovernmental	193,339	-	-	-	-	-	-
Charges for services	12,949	-	-	-	195	-	-
Other receipts	5,237	111,800	-	-	-	-	-
Total receipts	702,037	111,800	-	-	195	-	-
Disbursements:							
Personal services	396,935	-	-	-	-	-	-
Supplies	11,169	-	-	-	-	-	-
Other services and charges	116,015	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	71,596	-	-	19,623	-	-	-
Other disbursements	2,320	-	-	111,800	195	-	-
Total disbursements	598,035	-	-	131,423	195	-	-
Excess (deficiency) of receipts over disbursements	104,002	111,800	-	(131,423)	-	-	-
Cash and investments - ending	\$ 399,103	\$ 170,814	\$ 5	\$ 361,004	\$ -	\$ -	\$ 4,992

GARRETT PUBLIC LIBRARY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

	Bond Debt Service	Payroll Withholdings	StateTechnology Grant	Gift	Grant	Totals
Cash and investments - beginning	\$ 89,470	\$ 99	\$ 625	\$ 4,233	\$ 6,489	\$ 952,455
Receipts:						
Taxes	135,481	-	-	-	-	625,993
Intergovernmental	9,547	-	-	-	-	202,886
Charges for services	-	-	-	-	-	13,144
Other receipts	-	8	11,339	6,465	80	134,929
Total receipts	145,028	8	11,339	6,465	80	976,952
Disbursements:						
Personal services	-	-	-	-	-	396,935
Supplies	-	-	-	-	-	11,169
Other services and charges	-	-	-	500	-	116,515
Debt service - principal and interest	149,822	-	-	-	-	149,822
Capital outlay	-	-	-	-	80	91,299
Other disbursements	-	-	5,380	-	-	119,695
Total disbursements	149,822	-	5,380	500	80	885,435
Excess (deficiency) of receipts over disbursements	(4,794)	8	5,959	5,965	-	91,517
Cash and investments - ending	\$ 84,676	\$ 107	\$ 6,584	\$ 10,198	\$ 6,489	\$ 1,043,972

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GARRETT PUBLIC LIBRARY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: Great American Financial Services	Copier Lease	<u>\$ 1,452</u>	04/18/15	03/18/20
<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>	
<u>Type</u>	<u>Purpose</u>			
Governmental activities: General obligation bonds	Construction	<u>\$ 1,295,000</u>	<u>\$ 74,284</u>	

OTHER REPORTS

In addition to this report, other reports may have been issued for the Library. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.