

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

MISHAWAKA-PENN-HARRIS PUBLIC LIBRARY

ST. JOSEPH COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
08/18/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	David J. Eisen	01-01-15 to 02-28-15
	Susie Cleaver (Interim)	03-01-15 to 09-30-15
	Donna Meeks (Interim)	10-01-15 to 12-31-16
Treasurer	Roland Morin	01-01-15 to 04-08-15
	Linda Doshi	04-09-15 to 09-18-16
President of the Board	Marcia Wells	01-01-15 to 12-31-16



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**INDEPENDENT ACCOUNTANT'S REPORT**

TO: THE OFFICIALS OF THE MISHAWAKA-PENN-HARRIS  
PUBLIC LIBRARY, ST. JOSEPH COUNTY, INDIANA

We have examined the accompanying financial statement of the Mishawaka-Penn-Harris Public Library (Library) for the period of January 1, 2015 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, 2015 to December 31, 2015.

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, 2015 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 Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, 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

May 12, 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.

MISHAWAKA-PENN-HARRIS PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Operating	\$ 560,555	\$ 6,364,362	\$ 6,054,320	\$ 870,597
Rainy Day	329,693	-	-	329,693
Levy Excess Fund	10,192	-	10,192	-
Excess Welfare Distribution Fund	105,964	-	69,928	36,036
Library Improvement Reserve	351,981	-	-	351,981
Powell Family Gift Fund	500	-	447	53
184-Bond And Interest Redemption 2013	222,824	386,365	477,873	131,316
Zimmerman Gift Fund	44,548	-	44,548	-
Target Grant Gift Fund	642	-	-	642
Operating Petty Cash	1,368	-	-	1,368
Endowment Fund	192,666	1,780	28,939	165,507
Gift Fund	43,278	33,079	43,205	33,152
Plac	100	-	50	50
Bond And Interest Redemption 2008	332,188	565,607	794,775	103,020
Capital Projects	91,048	-	91,048	-
Harris Gift Fund	34,008	50	-	34,058
Bettie Alice Scherzinger Fund	1,032	-	-	1,032
Ray Boomhower Gift Fund	205	10	215	-
Totals	<u>\$ 2,322,792</u>	<u>\$ 7,351,253</u>	<u>\$ 7,615,540</u>	<u>\$ 2,058,505</u>

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



MISHAWAKA-PENN-HARRIS 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), 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 these types of receipts include, but are not limited to the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions 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.

MISHAWAKA-PENN-HARRIS 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 include the following uses:

Personal services, which 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 includes 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 includes 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.

MISHAWAKA-PENN-HARRIS 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.

MISHAWAKA-PENN-HARRIS 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.

**Note 7. Restatement**

For the year ended December 31, 2015, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Library. The following schedule presents a summary of restated beginning balances:

MISHAWAKA-PENN-HARRIS PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

<u>Fund Name</u>	<u>Balance as of December 31, 2014</u>	<u>New Fund</u>	<u>Prior Period Adjustment</u>	<u>Balance as of January 1, 2015</u>
Bond and Interest Redemption Fund	<u>\$ 555,012</u>		<u>\$ (555,012)</u>	<u>\$ -</u>
Bond and Interest Redemption 2008			<u>332,188</u>	<u>332,188</u>
184-Bond and Interest Redemption 2013			<u>222,824</u>	<u>222,824</u>
		Operating Petty Cash	<u>\$ 1,368</u>	<u>\$ 1,368</u>

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#### OTHER INFORMATION - UNEXAMINED

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

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

	Operating	Rainy Day	Levy Excess Fund	Excess Welfare Distribution Fund	Library Improvement Reserve	Powell Family Gift Fund	184-Bond And Interest Redemption 2013
Cash and investments - beginning	\$ 560,555	\$ 329,693	\$ 10,192	\$ 105,964	\$ 351,981	\$ 500	\$ 222,824
Receipts:							
Taxes	3,525,955	-	-	-	-	-	352,124
Intergovernmental receipts	870,392	-	-	-	-	-	33,491
Charges for services	146,211	-	-	-	-	-	-
Other receipts	1,821,804	-	-	-	-	-	750
Total receipts	6,364,362	-	-	-	-	-	386,365
Disbursements:							
Personal services	2,480,697	-	-	-	-	-	-
Supplies	78,822	-	-	-	-	94	-
Other services and charges	1,401,792	-	-	-	-	311	750
Debt service - principal and interest	1,656,695	-	-	-	-	-	477,123
Capital outlay	434,943	-	-	69,928	-	42	-
Other disbursements	1,371	-	10,192	-	-	-	-
Total disbursements	6,054,320	-	10,192	69,928	-	447	477,873
Excess (deficiency) of receipts over disbursements	310,042	-	(10,192)	(69,928)	-	(447)	(91,508)
Cash and investments - ending	\$ 870,597	\$ 329,693	\$ -	\$ 36,036	\$ 351,981	\$ 53	\$ 131,316



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

	Zimmerman Gift Fund	Target Grant Gift Fund	Operating Petty Cash	Endowment Fund	Gift Fund	Plac
Cash and investments - beginning	\$ 44,548	\$ 642	\$ 1,368	\$ 192,666	\$ 43,278	\$ 100
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	-	-	-	1,780	33,079	-
Total receipts	-	-	-	1,780	33,079	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	164	16,561	-
Other services and charges	2,169	-	-	1,591	3,573	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	42,379	-	-	27,184	2,066	-
Other disbursements	-	-	-	-	21,005	50
Total disbursements	44,548	-	-	28,939	43,205	50
Excess (deficiency) of receipts over disbursements	(44,548)	-	-	(27,159)	(10,126)	(50)
Cash and investments - ending	\$ -	\$ 642	\$ 1,368	\$ 165,507	\$ 33,152	\$ 50

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

	Bond And Interest Redemption 2008	Capital Projects	Harris Gift Fund	Bettie Alice Scherzinger Fund	Ray Boomhower Gift Fund	Totals
Cash and investments - beginning	\$ 332,188	\$ 91,048	\$ 34,008	\$ 1,032	\$ 205	\$ 2,322,792
Receipts:						
Taxes	528,186	-	-	-	-	4,406,265
Intergovernmental receipts	37,421	-	-	-	-	941,304
Charges for services	-	-	-	-	-	146,211
Other receipts	-	-	50	-	10	1,857,473
Total receipts	565,607	-	50	-	10	7,351,253
Disbursements:						
Personal services	-	-	-	-	-	2,480,697
Supplies	-	-	-	-	-	95,641
Other services and charges	500	-	-	-	-	1,410,686
Debt service - principal and interest	794,275	-	-	-	-	2,928,093
Capital outlay	-	-	-	-	215	576,757
Other disbursements	-	91,048	-	-	-	123,666
Total disbursements	794,775	91,048	-	-	215	7,615,540
Excess (deficiency) of receipts over disbursements	(229,168)	(91,048)	50	-	(205)	(264,287)
Cash and investments - ending	\$ 103,020	\$ -	\$ 34,058	\$ 1,032	\$ -	\$ 2,058,505

MISHAWAKA-PENN-HARRIS PUBLIC LIBRARY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	General Obligation Refunding Bonds of 2008	\$ 525,000	\$ 270,500
General obligation bonds	General Obligation Refunding Bonds of 2013	<u>1,175,000</u>	<u>478,328</u>
Totals		<u>\$ 1,700,000</u>	<u>\$ 748,828</u>

MISHAWAKA-PENN-HARRIS PUBLIC LIBRARY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2015

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	\$ 484,641
Buildings	14,119,972
Improvements other than buildings	1,330,996
Machinery, equipment, and vehicles	1,689,510
Books and other	<u>13,410,127</u>
Total capital assets	<u>\$ 31,035,246</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/>.