

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

SHOALS PUBLIC LIBRARY

MARTIN COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
12/18/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda G. Jones Bobbi Salmon	01-01-11 to 01-31-12 02-01-12 to 12-31-15
Treasurer	Marilyn Read	01-01-11 to 12-31-15
President of the Board	Wanda Harding Ken Macy	01-01-11 to 12-31-13 01-01-14 to 12-31-15



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SHOALS PUBLIC LIBRARY, MARTIN COUNTY, INDIANA

We have examined the accompanying financial statements of the Shoals Public Library (Library), for the period of January 1, 2011 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, 2011 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, 2011 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, 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

September 24, 2015

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## 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.

SHOALS 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
Rainy Day	\$ 1,088	\$ -	\$ -	\$ 1,088	\$ -	\$ -	\$ 1,088
Levy Excess	1,109	-	57	1,052	-	-	1,052
Cash Change	40	-	-	40	-	-	40
Library Operating Fund	52,158	39,919	44,019	48,058	32,720	44,978	35,800
Gift	11,872	2,432	7,854	6,450	5,247	6,195	5,502
Library Improvement Reserve Fund	1,000	-	-	1,000	-	-	1,000
USDA Grant	-	26,000	26,000	-	-	-	-
Payroll	350	3,677	3,553	474	3,220	3,899	(205)
Totals	<u>\$ 67,617</u>	<u>\$ 72,028</u>	<u>\$ 81,483</u>	<u>\$ 58,162</u>	<u>\$ 41,187</u>	<u>\$ 55,072</u>	<u>\$ 44,277</u>

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

SHOALS PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Rainy Day	\$ 1,088	\$ -	\$ -	\$ 1,088	\$ -	\$ -	\$ 1,088
Levy Excess	1,052	-	-	1,052	1	-	1,053
Cash Change	40	-	-	40	-	-	40
Library Operating Fund	35,800	46,260	44,105	37,955	46,501	47,456	37,000
Gift	5,502	2,776	3,893	4,385	3,048	2,109	5,324
Library Improvement Reserve Fund	1,000	-	-	1,000	-	-	1,000
Payroll	(205)	3,807	3,736	(134)	4,398	3,919	345
Totals	<u>\$ 44,277</u>	<u>\$ 52,843</u>	<u>\$ 51,734</u>	<u>\$ 45,386</u>	<u>\$ 53,948</u>	<u>\$ 53,484</u>	<u>\$ 45,850</u>

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

SHOALS 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.

SHOALS 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.

SHOALS 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.

SHOALS 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.

**Note 6. Cash Balance Deficits**

The financial statements contain some funds with deficits in cash. This is a result of errors in the payment of payroll withholdings.

**Note 7. Restatements**

For the year ended December 31, 2011, 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.

Fund Name	Balance as of December 31, 2010	Prior Period Adjustment	Balance as of January 1, 2011
Library Improvement Reserve Fund	\$ 1,119	\$ (119)	\$ 1,000
Library Operating Fund	52,172	(14)	52,158
Cash Change	-	40	40
Gift	11,753	119	11,872

**Note 8. Combined Funds**

Funds related to Gifts were reported individually in the prior financial statement but were combined into one fund for the current financial statements.

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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 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.

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

	Rainy Day	Levy Excess	Cash Change	Library Operating Fund	Gift	Library Improvement Reserve Fund	USDA Grant	Payroll	Totals
Cash and investments - beginning	\$ 1,088	\$ 1,109	\$ 40	\$ 52,158	\$ 11,872	\$ 1,000	\$ -	\$ 350	\$ 67,617
Receipts:									
Taxes	-	-	-	17,609	-	-	-	-	17,609
Intergovernmental	-	-	-	11,500	-	-	19,500	-	31,000
Charges for services	-	-	-	10,285	-	-	-	-	10,285
Other receipts	-	-	-	525	2,432	-	6,500	3,677	13,134
Total receipts	-	-	-	39,919	2,432	-	26,000	3,677	72,028
Disbursements:									
Personal services	-	-	-	22,727	-	-	-	-	22,727
Supplies	-	-	-	2,598	-	-	-	-	2,598
Other services and charges	-	-	-	13,663	-	-	-	-	13,663
Capital outlay	-	-	-	5,031	6,594	-	26,000	-	37,625
Other disbursements	-	57	-	-	1,260	-	-	3,553	4,870
Total disbursements	-	57	-	44,019	7,854	-	26,000	3,553	81,483
Excess (deficiency) of receipts over disbursements	-	(57)	-	(4,100)	(5,422)	-	-	124	(9,455)
Cash and investments - ending	\$ 1,088	\$ 1,052	\$ 40	\$ 48,058	\$ 6,450	\$ 1,000	\$ -	\$ 474	\$ 58,162

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

	Rainy Day	Levy Excess	Cash Change	Library Operating Fund	Gift	Library Improvement Reserve Fund	USDA Grant	Payroll	Totals
Cash and investments - beginning	\$ 1,088	\$ 1,052	\$ 40	\$ 48,058	\$ 6,450	\$ 1,000	\$ -	\$ 474	\$ 58,162
Receipts:									
Taxes	-	-	-	11,047	-	-	-	-	11,047
Intergovernmental	-	-	-	10,372	-	-	-	-	10,372
Charges for services	-	-	-	10,990	-	-	-	-	10,990
Other receipts	-	-	-	311	5,247	-	-	3,220	8,778
Total receipts	-	-	-	32,720	5,247	-	-	3,220	41,187
Disbursements:									
Personal services	-	-	-	22,514	-	-	-	-	22,514
Supplies	-	-	-	2,233	62	-	-	-	2,295
Other services and charges	-	-	-	17,955	4,423	-	-	-	22,378
Capital outlay	-	-	-	2,276	928	-	-	-	3,204
Other disbursements	-	-	-	-	782	-	-	3,899	4,681
Total disbursements	-	-	-	44,978	6,195	-	-	3,899	55,072
Excess (deficiency) of receipts over disbursements	-	-	-	(12,258)	(948)	-	-	(679)	(13,885)
Cash and investments - ending	\$ 1,088	\$ 1,052	\$ 40	\$ 35,800	\$ 5,502	\$ 1,000	\$ -	\$ (205)	\$ 44,277

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

	Rainy Day	Levy Excess	Cash Change	Library Operating Fund	Gift	Library Improvement Reserve Fund	Payroll	Totals
Cash and investments - beginning	\$ 1,088	\$ 1,052	\$ 40	\$ 35,800	\$ 5,502	\$ 1,000	\$ (205)	\$ 44,277
Receipts:								
Taxes	-	-	-	20,727	-	-	-	20,727
Intergovernmental	-	-	-	13,376	-	-	-	13,376
Charges for services	-	-	-	8,558	-	-	-	8,558
Fines and forfeits	-	-	-	462	-	-	-	462
Other receipts	-	-	-	3,137	2,776	-	3,807	9,720
Total receipts	-	-	-	46,260	2,776	-	3,807	52,843
Disbursements:								
Personal services	-	-	-	22,793	-	-	-	22,793
Supplies	-	-	-	3,203	-	-	-	3,203
Other services and charges	-	-	-	14,446	-	-	-	14,446
Other disbursements	-	-	-	3,663	3,893	-	3,736	11,292
Total disbursements	-	-	-	44,105	3,893	-	3,736	51,734
Excess (deficiency) of receipts over disbursements	-	-	-	2,155	(1,117)	-	71	1,109
Cash and investments - ending	\$ 1,088	\$ 1,052	\$ 40	\$ 37,955	\$ 4,385	\$ 1,000	\$ (134)	\$ 45,386

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

	Rainy Day	Levy Excess	Cash Change	Library Operating Fund	Gift	Library Improvement Reserve Fund	Payroll	Totals
Cash and investments - beginning	\$ 1,088	\$ 1,052	\$ 40	\$ 37,955	\$ 4,385	\$ 1,000	\$ (134)	\$ 45,386
Receipts:								
Taxes	-	-	-	21,618	-	-	-	21,618
Intergovernmental	-	1	-	11,836	-	-	4,398	16,235
Charges for services	-	-	-	12,572	-	-	-	12,572
Other receipts	-	-	-	475	3,048	-	-	3,523
Total receipts	-	1	-	46,501	3,048	-	4,398	53,948
Disbursements:								
Personal services	-	-	-	24,869	-	-	-	24,869
Supplies	-	-	-	3,135	425	-	-	3,560
Other services and charges	-	-	-	15,247	745	-	-	15,992
Capital outlay	-	-	-	4,205	939	-	-	5,144
Other disbursements	-	-	-	-	-	-	3,919	3,919
Total disbursements	-	-	-	47,456	2,109	-	3,919	53,484
Excess (deficiency) of receipts over disbursements	-	1	-	(955)	939	-	479	464
Cash and investments - ending	\$ 1,088	\$ 1,053	\$ 40	\$ 37,000	\$ 5,324	\$ 1,000	\$ 345	\$ 45,850

#### 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/>.