

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

FINANCIAL STATEMENTS  
EXAMINATION REPORT  
OF

WARREN PUBLIC LIBRARY  
HUNTINGTON COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
02/18/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ricki L. Forrester (Vacant) Robert J. Neuenschwander	08-03-10 to 05-06-13 05-07-13 to 06-02-13 06-03-13 to 12-31-15
Treasurer	Kandace A. Villanueva	10-01-10 to 09-30-16
President of the Library Board	David C. Scheib	10-01-10 to 09-30-16



**STATE OF INDIANA**  
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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 WARREN PUBLIC LIBRARY, HUNTINGTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Warren 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 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

November 9, 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.

WARREN 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
Operating	\$ 90,588	\$ 115,390	\$ 100,006	\$ 105,972	\$ 121,388	\$ 88,352	\$ 139,008
Programs	75	360	305	130	50	87	93
Levy Excess	277	-	277	-	376	-	376
Rainy Day	5,359	-	165	5,194	-	3,700	1,494
Library Improvement Reserve	50,798	2,951	2,300	51,449	2,752	2	54,199
PLAC	-	200	200	-	250	250	-
Memorial And Foundation	1,910	297	-	2,207	273	290	2,190
Evergreen Pass Through	-	-	-	-	57	57	-
Totals	<u>\$ 149,007</u>	<u>\$ 119,198</u>	<u>\$ 103,253</u>	<u>\$ 164,952</u>	<u>\$ 125,146</u>	<u>\$ 92,738</u>	<u>\$ 197,360</u>

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

WARREN 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
Operating	\$ 139,008	\$ 121,323	\$ 93,742	\$ 166,589	\$ 123,135	\$ 114,033	\$ 175,691
Programs	93	240	97	236	382	547	71
Levy Excess	376	-	376	-	9	-	9
Rainy Day	1,494	-	-	1,494	-	-	1,494
Library Improvement Reserve	54,199	2,144	-	56,343	2,098	-	58,441
PLAC	-	250	200	50	100	150	-
Memorial And Foundation	2,190	299	-	2,489	307	-	2,796
Evergreen Pass Through	-	3	3	-	1	1	-
<b>Totals</b>	<u>\$ 197,360</u>	<u>\$ 124,259</u>	<u>\$ 94,418</u>	<u>\$ 227,201</u>	<u>\$ 126,032</u>	<u>\$ 114,731</u>	<u>\$ 238,502</u>

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

WARREN 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.

WARREN 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.

WARREN 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.

WARREN 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. 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 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 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.

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

	Operating	Programs	Levy Excess	Rainy Day	Library Improvement Reserve	PLAC	Memorial And Foundation	Evergreen Pass Through	Totals
Cash and investments - beginning	\$ 90,588	\$ 75	\$ 277	\$ 5,359	\$ 50,798	\$ -	\$ 1,910	\$ -	\$ 149,007
Receipts:									
Taxes	79,510	-	-	-	-	-	-	-	79,510
Intergovernmental	29,710	-	-	-	-	-	-	-	29,710
Charges for services	1,949	-	-	-	-	200	-	-	2,149
Other receipts	4,221	360	-	-	2,951	-	297	-	7,829
Total receipts	115,390	360	-	-	2,951	200	297	-	119,198
Disbursements:									
Personal services	51,993	-	-	-	-	-	-	-	51,993
Supplies	2,175	220	-	-	-	-	-	-	2,395
Other services and charges	15,728	85	-	165	-	200	-	-	16,178
Capital outlay	25,779	-	-	-	-	-	-	-	25,779
Other disbursements	4,331	-	277	-	2,300	-	-	-	6,908
Total disbursements	100,006	305	277	165	2,300	200	-	-	103,253
Excess (deficiency) of receipts over disbursements	15,384	55	(277)	(165)	651	-	297	-	15,945
Cash and investments - ending	\$ 105,972	\$ 130	\$ -	\$ 5,194	\$ 51,449	\$ -	\$ 2,207	\$ -	\$ 164,952

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

	Operating	Programs	Levy Excess	Rainy Day	Library Improvement Reserve	PLAC	Memorial And Foundation	Evergreen Pass Through	Totals
Cash and investments - beginning	\$ 105,972	\$ 130	\$ -	\$ 5,194	\$ 51,449	\$ -	\$ 2,207	\$ -	\$ 164,952
Receipts:									
Taxes	83,732	-	-	-	-	-	-	-	83,732
Intergovernmental	35,660	-	376	-	-	-	-	-	36,036
Charges for services	-	-	-	-	-	250	-	-	250
Other receipts	1,996	50	-	-	2,752	-	273	57	5,128
Total receipts	<u>121,388</u>	<u>50</u>	<u>376</u>	<u>-</u>	<u>2,752</u>	<u>250</u>	<u>273</u>	<u>57</u>	<u>125,146</u>
Disbursements:									
Personal services	53,060	-	-	-	-	-	-	-	53,060
Supplies	2,448	87	-	-	-	-	-	-	2,535
Other services and charges	15,786	-	-	-	-	-	-	-	15,786
Capital outlay	13,475	-	-	3,700	-	-	290	-	17,465
Other disbursements	3,583	-	-	-	2	250	-	57	3,892
Total disbursements	<u>88,352</u>	<u>87</u>	<u>-</u>	<u>3,700</u>	<u>2</u>	<u>250</u>	<u>290</u>	<u>57</u>	<u>92,738</u>
Excess (deficiency) of receipts over disbursements	<u>33,036</u>	<u>(37)</u>	<u>376</u>	<u>(3,700)</u>	<u>2,750</u>	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>32,408</u>
Cash and investments - ending	<u>\$ 139,008</u>	<u>\$ 93</u>	<u>\$ 376</u>	<u>\$ 1,494</u>	<u>\$ 54,199</u>	<u>\$ -</u>	<u>\$ 2,190</u>	<u>\$ -</u>	<u>\$ 197,360</u>

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

	Operating	Programs	Levy Excess	Rainy Day	Library Improvement Reserve	PLAC	Memorial And Foundation	Evergreen Pass Through	Totals
Cash and investments - beginning	\$ 139,008	\$ 93	\$ 376	\$ 1,494	\$ 54,199	\$ -	\$ 2,190	\$ -	\$ 197,360
Receipts:									
Taxes	84,686	-	-	-	-	-	-	-	84,686
Intergovernmental	32,970	-	-	-	-	-	-	-	32,970
Charges for services	3,220	-	-	-	-	250	-	-	3,470
Fines and forfeits	-	-	-	-	-	-	-	3	3
Other receipts	447	240	-	-	2,144	-	299	-	3,130
Total receipts	<u>121,323</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>2,144</u>	<u>250</u>	<u>299</u>	<u>3</u>	<u>124,259</u>
Disbursements:									
Personal services	51,433	-	-	-	-	-	-	-	51,433
Supplies	1,870	-	-	-	-	-	-	-	1,870
Other services and charges	20,006	-	-	-	-	-	-	-	20,006
Capital outlay	16,934	-	-	-	-	-	-	-	16,934
Other disbursements	3,499	97	376	-	-	200	-	3	4,175
Total disbursements	<u>93,742</u>	<u>97</u>	<u>376</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>3</u>	<u>94,418</u>
Excess (deficiency) of receipts over disbursements	<u>27,581</u>	<u>143</u>	<u>(376)</u>	<u>-</u>	<u>2,144</u>	<u>50</u>	<u>299</u>	<u>-</u>	<u>29,841</u>
Cash and investments - ending	<u>\$ 166,589</u>	<u>\$ 236</u>	<u>\$ -</u>	<u>\$ 1,494</u>	<u>\$ 56,343</u>	<u>\$ 50</u>	<u>\$ 2,489</u>	<u>\$ -</u>	<u>\$ 227,201</u>

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

	Operating	Programs	Levy Excess	Rainy Day	Library Improvement Reserve	PLAC	Memorial And Foundation	Evergreen Pass Through	Totals
Cash and investments - beginning	\$ 166,589	\$ 236	\$ -	\$ 1,494	\$ 56,343	\$ 50	\$ 2,489	\$ -	\$ 227,201
Receipts:									
Taxes	85,541	-	9	-	-	-	-	-	85,550
Intergovernmental	34,403	-	-	-	-	-	-	-	34,403
Charges for services	3,048	-	-	-	-	100	-	-	3,148
Fines and forfeits	-	-	-	-	-	-	-	1	1
Other receipts	143	382	-	-	2,098	-	307	-	2,930
Total receipts	123,135	382	9	-	2,098	100	307	1	126,032
Disbursements:									
Personal services	51,894	-	-	-	-	-	-	-	51,894
Supplies	2,598	-	-	-	-	-	-	-	2,598
Other services and charges	28,830	-	-	-	-	-	-	-	28,830
Capital outlay	27,157	-	-	-	-	-	-	-	27,157
Other disbursements	3,554	547	-	-	-	150	-	1	4,252
Total disbursements	114,033	547	-	-	-	150	-	1	114,731
Excess (deficiency) of receipts over disbursements	9,102	(165)	9	-	2,098	(50)	307	-	11,301
Cash and investments - ending	\$ 175,691	\$ 71	\$ 9	\$ 1,494	\$ 58,441	\$ -	\$ 2,796	\$ -	\$ 238,502

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WARREN 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.

	Ending Balance
Governmental activities:	
Land	\$ 1,625
Buildings	167,027
Improvements other than buildings	18,084
Machinery, equipment, and vehicles	155,310
Books and other	114,952
 Total capital assets	 \$ 456,998

#### 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/>.