

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

NOBLE COUNTY PUBLIC LIBRARY

NOBLE COUNTY, INDIANA

January 1, 2014 to December 31, 2016



FILED
12/06/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sandra Petrie	01-01-14 to 12-31-17
Treasurer	Margaret Ott	01-01-14 to 12-31-17
President of the Board	Sandra Lamp Beverly Huntsman Diane Allen	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NOBLE COUNTY PUBLIC LIBRARY, NOBLE COUNTY, INDIANA

We have examined the accompanying financial statements of the Noble County Public Library (Library), for the period of January 1, 2014 to December 31, 2016. The Library's management is responsible for the fair presentation of these financial statements in accordance with the prescribed basis of accounting described in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial statements are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the financial statements. The nature, timing, and extent of the procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.


As discussed in Note 1 to the financial statements, 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 described in the preceding paragraph, the financial statements for the period of January 1, 2014 to December 31, 2016, referred to above, do not present, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Library.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

In our opinion, the financial statements for the period of January 1, 2014 to December 31, 2016, referred to above, present the financial position and results of operations of the Library based on the prescribed basis of accounting described in Note 1 to the financial statements, in all material respects.

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, 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 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, CPA
State Examiner

December 5, 2017

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.

NOBLE COUNTY 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
Operating	\$ 384,117	\$ 1,011,416	\$ 980,956	\$ 414,577	\$ 943,502	\$ 939,560	\$ 418,519
Rainy Day	246,856	-	53,532	193,324	91,141	41,141	243,324
Unemployment Fund	20,948	1,500	-	22,448	1,500	-	23,948
PLAC	-	50	50	-	-	-	-
Evergreen	219	1,877	680	1,416	2,634	835	3,215
Payroll	1,606	148,268	148,615	1,259	149,047	149,253	1,053
Construction Fund	-	-	-	-	1,979,984	582,184	1,397,800
Gift	278,721	10,638	21,377	267,982	219,074	156,426	330,630
Agency Fund - NCCF	26,129	1,110	-	27,239	-	730	26,509
Debt Service	200,234	382,685	390,535	192,384	393,300	384,176	201,508
Totals	<u>\$ 1,158,830</u>	<u>\$ 1,557,544</u>	<u>\$ 1,595,745</u>	<u>\$ 1,120,629</u>	<u>\$ 3,780,182</u>	<u>\$ 2,254,305</u>	<u>\$ 2,646,506</u>

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

NOBLE COUNTY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Operating	\$ 418,519	\$ 974,551	\$ 976,867	\$ 416,203
Rainy Day	243,324	143,843	-	387,167
Unemployment Fund	23,948	1,500	-	25,448
PLAC	-	130	130	-
Evergreen	3,215	2,131	716	4,630
Payroll	1,053	155,751	154,726	2,078
Construction Fund	1,397,800	22,888	1,247,384	173,304
Gift	330,630	12,438	50,758	292,310
Agency Fund - NCCF	26,509	1,209	-	27,718
Debt Service	201,508	348,287	386,125	163,670
Totals	<u>\$ 2,646,506</u>	<u>\$ 1,662,728</u>	<u>\$ 2,816,706</u>	<u>\$ 1,492,528</u>

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

NOBLE COUNTY 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental 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 distributions 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.

NOBLE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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.

NOBLE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Interfund Transfers

The Library may, from time to time, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

NOBLE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, the following: 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 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:

NOBLE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

OTHER INFORMATION - UNEXAMINED

The Library's Annual Financial Reports 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 Library's Annual Financial Reports 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.

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

	Operating	Rainy Day	Unemployment Fund	PLAC	Evergreen	Payroll	Construction Fund	Gift	Agency Fund - NCCF	Debt Service	Totals
Cash and investments - beginning	\$ 384,117	\$ 246,856	\$ 20,948	\$ -	\$ 219	\$ 1,606	\$ -	\$ 278,721	\$ 26,129	\$ 200,234	\$ 1,158,830
Receipts:											
Taxes	520,181	-	-	-	-	-	-	-	-	348,245	868,426
Intergovernmental receipts	364,372	-	-	-	-	-	-	-	-	34,440	398,812
Charges for services	16,947	-	-	50	-	-	-	-	-	-	16,997
Fines and forfeits	-	-	-	-	1,877	-	-	-	-	-	1,877
Other receipts	109,916	-	1,500	-	-	148,268	-	10,638	1,110	-	271,432
Total receipts	1,011,416	-	1,500	50	1,877	148,268	-	10,638	1,110	382,685	1,557,544
Disbursements:											
Personal services	621,801	-	-	-	-	-	-	-	-	-	621,801
Supplies	19,757	-	-	-	-	-	-	5,315	-	-	25,072
Other services and charges	155,535	5,025	-	-	-	-	-	2,530	-	1,550	164,640
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	388,985	388,985
Capital outlay	87,596	48,507	-	-	-	-	-	1,463	-	-	137,566
Other disbursements	96,267	-	-	50	680	148,615	-	12,069	-	-	257,681
Total disbursements	980,956	53,532	-	50	680	148,615	-	21,377	-	390,535	1,595,745
Excess (deficiency) of receipts over disbursements	30,460	(53,532)	1,500	-	1,197	(347)	-	(10,739)	1,110	(7,850)	(38,201)
Cash and investments - ending	\$ 414,577	\$ 193,324	\$ 22,448	\$ -	\$ 1,416	\$ 1,259	\$ -	\$ 267,982	\$ 27,239	\$ 192,384	\$ 1,120,629

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

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	Operating	Rainy Day	Unemployment Fund	PLAC	Evergreen	Payroll	Construction Fund	Gift	Agency Fund - NCCF	Debt Service	Totals
Cash and investments - beginning	\$ 414,577	\$ 193,324	\$ 22,448	\$ -	\$ 1,416	\$ 1,259	\$ -	\$ 267,982	\$ 27,239	\$ 192,384	\$ 1,120,629
Receipts:											
Taxes	543,142	-	-	-	-	-	-	-	-	356,736	899,878
Intergovernmental receipts	375,478	-	-	-	-	-	-	16,382	-	34,627	426,487
Charges for services	3,668	-	-	-	-	-	-	-	-	-	3,668
Fines and forfeits	14,775	-	-	-	2,634	-	-	-	-	-	17,409
Other receipts	6,439	91,141	1,500	-	-	149,047	1,979,984	202,692	-	1,937	2,432,740
Total receipts	943,502	91,141	1,500	-	2,634	149,047	1,979,984	219,074	-	393,300	3,780,182
Disbursements:											
Personal services	622,868	-	-	-	-	-	-	-	-	-	622,868
Supplies	21,977	-	-	-	-	-	-	5,078	-	-	27,055
Other services and charges	151,226	41,141	-	-	-	-	142,379	94,543	-	738	430,027
Debt service - principal and interest	-	-	-	-	-	-	18,097	-	-	383,438	401,535
Capital outlay	91,989	-	-	-	-	-	285,285	56,805	-	-	434,079
Other disbursements	51,500	-	-	-	835	149,253	136,423	-	730	-	338,741
Total disbursements	939,560	41,141	-	-	835	149,253	582,184	156,426	730	384,176	2,254,305
Excess (deficiency) of receipts over disbursements	3,942	50,000	1,500	-	1,799	(206)	1,397,800	62,648	(730)	9,124	1,525,877
Cash and investments - ending	\$ 418,519	\$ 243,324	\$ 23,948	\$ -	\$ 3,215	\$ 1,053	\$ 1,397,800	\$ 330,630	\$ 26,509	\$ 201,508	\$ 2,646,506

NOBLE COUNTY PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Operating	Rainy Day	Unemployment Fund	PLAC	Evergreen	Payroll	Construction Fund	Gift	Agency Fund - NCCF	Debt Service	Totals
Cash and investments - beginning	\$ 418,519	\$ 243,324	\$ 23,948	\$ -	\$ 3,215	\$ 1,053	\$ 1,397,800	\$ 330,630	\$ 26,509	\$ 201,508	\$ 2,646,506
Receipts:											
Taxes	559,665	-	-	-	-	-	-	-	-	318,356	878,021
Intergovernmental receipts	386,648	93,843	-	-	-	-	-	-	-	29,931	510,422
Charges for services	2,852	-	-	130	-	-	-	-	-	-	2,982
Fines and forfeits	13,573	-	-	-	2,131	-	-	-	-	-	15,704
Other receipts	11,813	50,000	1,500	-	-	155,751	22,888	12,438	1,209	-	255,599
Total receipts	974,551	143,843	1,500	130	2,131	155,751	22,888	12,438	1,209	348,287	1,662,728
Disbursements:											
Personal services	641,591	-	-	-	-	-	-	282	-	-	641,873
Supplies	27,113	-	-	-	-	-	-	2,512	-	-	29,625
Other services and charges	176,613	-	-	-	-	-	40,875	21,265	-	1,500	240,253
Debt service - principal and interest	-	-	-	-	-	-	51,888	-	-	384,625	436,513
Capital outlay	80,050	-	-	-	-	-	1,154,621	26,699	-	-	1,261,370
Other disbursements	51,500	-	-	130	716	154,726	-	-	-	-	207,072
Total disbursements	976,867	-	-	130	716	154,726	1,247,384	50,758	-	386,125	2,816,706
Excess (deficiency) of receipts over disbursements	(2,316)	143,843	1,500	-	1,415	1,025	(1,224,496)	(38,320)	1,209	(37,838)	(1,153,978)
Cash and investments - ending	\$ 416,203	\$ 387,167	\$ 25,448	\$ -	\$ 4,630	\$ 2,078	\$ 173,304	\$ 292,310	\$ 27,718	\$ 163,670	\$ 1,492,528

NOBLE COUNTY PUBLIC LIBRARY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2016

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Library capital improvements	\$ 1,900,000	\$ 101,731
General obligation bonds	Library Refunding Bonds for capital improvements	<u>1,650,000</u>	<u>275,475</u>
Total governmental activities		<u>3,550,000</u>	<u>377,206</u>
Totals		<u>\$ 3,550,000</u>	<u>\$ 377,206</u>

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NOBLE COUNTY PUBLIC LIBRARY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2016

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:	
Land	\$ 50,754
Buildings	8,032,500
Machinery, equipment, and vehicles	269,507
Construction in progress	155,000
Books and other	<u>1,615,947</u>
Total governmental activities	<u>10,123,708</u>
Total capital assets	<u><u>\$ 10,123,708</u></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/>.