

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

NORTH MANCHESTER PUBLIC LIBRARY

WABASH COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
03/28/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Amy Acree	01-01-16 to 12-31-19
Treasurer	Kevin Walter	07-01-15 to 06-30-19
President of the Library Board	Lisa Ulrey	07-01-15 to 06-30-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH MANCHESTER PUBLIC LIBRARY, WABASH COUNTY, INDIANA

**Report on the Financial Statements**

We have audited the accompanying financial statements of the North Manchester Public Library (Library), which comprise the financial position and results of operations for the period of January 1, 2016 to December 31, 2018, and the related notes to the financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2016 to December 31, 2018.


***Opinion on Regulatory Basis of Accounting***

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, 2016 to December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Other Information*

Our audit 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

March 20, 2019

## 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.

NORTH MANCHESTER PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
General	\$ 231,610	\$ 445,815	\$ 536,192	\$ 141,233	\$ 456,188	\$ 475,720	\$ 121,701
Rainy Day	12,108	46,255	-	58,363	-	-	58,363
Technology	7,652	-	4,229	3,423	4,382	5,400	2,405
Library Improvement Reserve	154,954	7,268	-	162,222	7,789	-	170,011
PLAC Card	65	195	195	65	195	195	65
LSTA Grant Fund	-	-	-	-	9,926	9,926	-
Petty Cash	150	-	-	150	-	-	150
Cash Change	100	-	-	100	-	-	100
Gift	48,523	102,222	80,833	69,912	23,099	49,726	43,285
Gift #2	53,759	-	-	53,759	-	-	53,759
Gift #3	100,521	-	-	100,521	-	-	100,521
Payroll	-	53,335	53,335	-	54,258	54,258	-
Totals	<u>\$ 609,442</u>	<u>\$ 655,090</u>	<u>\$ 674,784</u>	<u>\$ 589,748</u>	<u>\$ 555,837</u>	<u>\$ 595,225</u>	<u>\$ 550,360</u>

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

NORTH MANCHESTER PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
General	\$ 121,701	\$ 507,421	\$ 489,674	\$ 139,448
Rainy Day	58,363	-	-	58,363
Technology	2,405	4,710	3,490	3,625
Library Improvement Reserve	170,011	11,505	144,175	37,341
PLAC Card	65	130	130	65
LSTA Grant Fund	-	7,099	7,099	-
Petty Cash	150	-	-	150
Cash Change	100	-	-	100
Gift	43,285	23,900	26,024	41,161
Gift #2	53,759	-	-	53,759
Gift #3	100,521	-	-	100,521
Payroll	-	54,316	54,316	-
Totals	<u>\$ 550,360</u>	<u>\$ 609,081</u>	<u>\$ 724,908</u>	<u>\$ 434,533</u>

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

NORTH MANCHESTER 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 a 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.

NORTH MANCHESTER 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.

*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.

*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.

*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.

NORTH MANCHESTER 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 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.

**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.

NORTH MANCHESTER 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.

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#### OTHER INFORMATION - UNAUDITED

The Library's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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

	General	Rainy Day	Technology	Library Improvement Reserve	PLAC Card	LSTA Grant Fund	Petty Cash	Cash Change	Gift	Gift #2	Gift #3	Payroll	Totals
Cash and investments - beginning	\$ 231,610	\$ 12,108	\$ 7,652	\$ 154,954	\$ 65	\$ -	\$ 150	\$ 100	\$ 48,523	\$ 53,759	\$ 100,521	\$ -	\$ 609,442
Receipts:													
Taxes	209,595	-	-	-	-	-	-	-	-	-	-	-	209,595
Intergovernmental receipts	138,547	46,255	-	-	-	-	-	-	-	-	-	-	184,802
Charges for services	25,267	-	-	-	195	-	-	-	-	-	-	-	25,462
Other receipts	72,406	-	-	7,268	-	-	-	-	102,222	-	-	53,335	235,231
Total receipts	445,815	46,255	-	7,268	195	-	-	-	102,222	-	-	53,335	655,090
Disbursements:													
Personal services	269,229	-	-	-	-	-	-	-	-	-	-	53,335	322,564
Supplies	13,585	-	-	-	-	-	-	-	62,190	-	-	-	75,775
Other services and charges	102,039	-	4,229	-	195	-	-	-	3,622	-	-	-	110,085
Capital outlay	63,238	-	-	-	-	-	-	-	15,021	-	-	-	78,259
Other disbursements	88,101	-	-	-	-	-	-	-	-	-	-	-	88,101
Total disbursements	536,192	-	4,229	-	195	-	-	-	80,833	-	-	53,335	674,784
Excess (deficiency) of receipts over disbursements	(90,377)	46,255	(4,229)	7,268	-	-	-	-	21,389	-	-	-	(19,694)
Cash and investments - ending	\$ 141,233	\$ 58,363	\$ 3,423	\$ 162,222	\$ 65	\$ -	\$ 150	\$ 100	\$ 69,912	\$ 53,759	\$ 100,521	\$ -	\$ 589,748

NORTH MANCHESTER PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	General	Rainy Day	Technology	Library Improvement Reserve	PLAC Card	LSTA Grant Fund	Petty Cash	Cash Change	Gift	Gift #2	Gift #3	Payroll	Totals
Cash and investments - beginning	\$ 141,233	\$ 58,363	\$ 3,423	\$ 162,222	\$ 65	\$ -	\$ 150	\$ 100	\$ 69,912	\$ 53,759	\$ 100,521	\$ -	\$ 589,748
Receipts:													
Taxes	335,445	-	-	-	-	-	-	-	-	-	-	-	335,445
Intergovernmental receipts	23,499	-	-	-	-	9,814	-	-	-	-	-	-	33,313
Charges for services	26,774	-	4,382	-	195	-	-	-	-	-	-	-	31,351
Other receipts	70,470	-	-	7,789	-	112	-	-	23,099	-	-	54,258	155,728
Total receipts	456,188	-	4,382	7,789	195	9,926	-	-	23,099	-	-	54,258	555,837
Disbursements:													
Personal services	275,786	-	-	-	-	-	-	-	-	-	-	54,258	330,044
Supplies	11,385	-	-	-	-	-	-	-	-	-	-	-	11,385
Other services and charges	118,875	-	5,400	-	195	9,926	-	-	47,873	-	-	-	182,269
Capital outlay	64,674	-	-	-	-	-	-	-	1,741	-	-	-	66,415
Other disbursements	5,000	-	-	-	-	-	-	-	112	-	-	-	5,112
Total disbursements	475,720	-	5,400	-	195	9,926	-	-	49,726	-	-	54,258	595,225
Excess (deficiency) of receipts over disbursements	(19,532)	-	(1,018)	7,789	-	-	-	-	(26,627)	-	-	-	(39,388)
Cash and investments - ending	\$ 121,701	\$ 58,363	\$ 2,405	\$ 170,011	\$ 65	\$ -	\$ 150	\$ 100	\$ 43,285	\$ 53,759	\$ 100,521	\$ -	\$ 550,360

NORTH MANCHESTER PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	General	Rainy Day	Technology	Library Improvement Reserve	PLAC Card	LSTA Grant Fund	Petty Cash	Cash Change	Gift	Gift #2	Gift #3	Payroll	Totals
Cash and investments - beginning	\$ 121,701	\$ 58,363	\$ 2,405	\$ 170,011	\$ 65	\$ -	\$ 150	\$ 100	\$ 43,285	\$ 53,759	\$ 100,521	\$ -	\$ 550,360
Receipts:													
Taxes	382,285	-	-	-	-	-	-	-	-	-	-	-	382,285
Intergovernmental receipts	26,249	-	-	-	-	-	-	-	-	-	-	-	26,249
Charges for services	28,230	-	-	-	130	-	-	-	-	-	-	-	28,360
Other receipts	70,657	-	4,710	11,505	-	7,099	-	-	23,900	-	-	54,316	172,187
Total receipts	507,421	-	4,710	11,505	130	7,099	-	-	23,900	-	-	54,316	609,081
Disbursements:													
Personal services	297,189	-	-	-	-	-	-	-	-	-	-	54,316	351,505
Supplies	12,745	-	-	-	-	-	-	-	24,354	-	-	-	37,099
Other services and charges	110,680	-	3,490	-	130	-	-	-	1,350	-	-	-	115,650
Capital outlay	59,060	-	-	-	-	7,099	-	-	320	-	-	-	66,479
Other disbursements	10,000	-	-	144,175	-	-	-	-	-	-	-	-	154,175
Total disbursements	489,674	-	3,490	144,175	130	7,099	-	-	26,024	-	-	54,316	724,908
Excess (deficiency) of receipts over disbursements	17,747	-	1,220	(132,670)	-	-	-	-	(2,124)	-	-	-	(115,827)
Cash and investments - ending	\$ 139,448	\$ 58,363	\$ 3,625	\$ 37,341	\$ 65	\$ -	\$ 150	\$ 100	\$ 41,161	\$ 53,759	\$ 100,521	\$ -	\$ 434,533

NORTH MANCHESTER PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Great America Financial Service	Lease Copier	\$ <u>1,896</u>	7/25/2018	7/25/2023
Total of annual lease payments		\$ <u><u>1,896</u></u>		

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NORTH MANCHESTER PUBLIC LIBRARY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2018

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	\$ 35,000
Buildings	2,269,175
Improvements other than buildings	25,212
Machinery, equipment, and vehicles	311,242
Books and other	<u>1,224,303</u>
Total capital assets	<u>\$ 3,864,932</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/>.