

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY

KOSCIUSKO COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
04/18/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Helen Leinbach	01-01-15 to 12-31-19
Treasurer	Teresa Frey Tisha Holsten	01-01-15 to 12-31-18 01-01-19 to 12-31-19
President of the Library Board	Phil Metcalf	01-01-15 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH WEBSTER COMMUNITY
PUBLIC LIBRARY, KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the North Webster Community Public Library (Library), which comprise the financial position and results of operations for the period of January 1, 2015 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, 2015 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, 2015 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 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

April 11, 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 WEBSTER COMMUNITY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
Operating	\$ 502,515	\$ 573,190	\$ 518,642	\$ 557,063	\$ 610,581	\$ 523,462	\$ 644,182
Payroll Deductions	3,034	71,835	71,823	3,046	73,289	72,322	4,013
Rainy Day	353,165	45,000	-	398,165	72,713	-	470,878
Levy Excess	9	-	-	9	-	9	-
Library Improvement Reserve	322,260	-	-	322,260	2,293	-	324,553
PLAC Card	50	130	180	-	130	130	-
EI Fund	74	585	503	156	285	376	65
Cash Change	105	-	-	105	-	-	105
Gift	27,028	37,921	25,290	39,659	3,798	15,619	27,838
	<u>\$ 1,208,240</u>	<u>\$ 728,661</u>	<u>\$ 616,438</u>	<u>\$ 1,320,463</u>	<u>\$ 763,089</u>	<u>\$ 611,918</u>	<u>\$ 1,471,634</u>
Totals	\$ 1,208,240	\$ 728,661	\$ 616,438	\$ 1,320,463	\$ 763,089	\$ 611,918	\$ 1,471,634

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

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments			Cash and Investments			Cash and Investments		
	01-01-17	Receipts	Disbursements	12-31-17	Receipts	Disbursements	12-31-18		
Operating	\$ 644,182	\$ 670,534	\$ 599,414	\$ 715,302	\$ 684,177	\$ 565,540	\$ 833,939		
Payroll Deductions	4,013	73,196	73,850	3,359	74,856	75,422	2,793		
Rainy Day	470,878	58,483	-	529,361	65,811	-	595,172		
Library Improvement Reserve	324,553	58,000	-	382,553	3,022	-	385,575		
PLAC Card	-	130	130	-	130	130	-		
EI Fund	65	247	289	23	306	279	50		
Cash Change	105	-	-	105	-	-	105		
Gift	27,838	2,735	9,515	21,058	5,240	1,670	24,628		
Totals	<u>\$ 1,471,634</u>	<u>\$ 863,325</u>	<u>\$ 683,198</u>	<u>\$ 1,651,761</u>	<u>\$ 833,542</u>	<u>\$ 643,041</u>	<u>\$ 1,842,262</u>		

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

NORTH WEBSTER COMMUNITY 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.

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.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

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.

NORTH WEBSTER COMMUNITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Subsequent Events

General Obligation Bond - Building Project

The Library will begin a construction project for a new library building in 2020. The total estimated cost of the project is approximately \$5,000,000. To finance the project, the Library will issue a general obligation bond (GO Bond) in the amount of \$4,620,000. The remaining \$380,000 will be paid through local funds and savings that the Library has preplanned for this purpose.

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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.

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

	Operating	Payroll Deductions	Rainy Day	Levy Excess	Library Improvement Reserve	PLAC Card	EI Fund	Cash Change	Gift	Totals
Cash and investments - beginning	\$ 502,515	\$ 3,034	\$ 353,165	\$ 9	\$ 322,260	\$ 50	\$ 74	\$ 105	\$ 27,028	\$ 1,208,240
Receipts:										
Taxes	397,549	-	-	-	-	-	-	-	-	397,549
Intergovernmental receipts	159,155	-	-	-	-	-	-	-	-	159,155
Charges for services	4,481	-	-	-	-	130	-	-	-	4,611
Fines and forfeits	6,696	-	-	-	-	-	585	-	-	7,281
Other receipts	5,309	71,835	45,000	-	-	-	-	-	37,921	160,065
Total receipts	573,190	71,835	45,000	-	-	130	585	-	37,921	728,661
Disbursements:										
Personal services	316,262	-	-	-	-	-	-	-	-	316,262
Supplies	11,611	-	-	-	-	-	-	-	1,789	13,400
Other services and charges	75,644	-	-	-	-	-	-	-	8,693	84,337
Capital outlay	70,125	-	-	-	-	-	-	-	14,808	84,933
Other disbursements	45,000	71,823	-	-	-	180	503	-	-	117,506
Total disbursements	518,642	71,823	-	-	-	180	503	-	25,290	616,438
Excess (deficiency) of receipts over disbursements	54,548	12	45,000	-	-	(50)	82	-	12,631	112,223
Cash and investments - ending	\$ 557,063	\$ 3,046	\$ 398,165	\$ 9	\$ 322,260	\$ -	\$ 156	\$ 105	\$ 39,659	\$ 1,320,463

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

	Operating	Payroll Deductions	Rainy Day	Levy Excess	Library Improvement Reserve	PLAC Card	EI Fund	Cash Change	Gift	Totals
Cash and investments - beginning	\$ 557,063	\$ 3,046	\$ 398,165	\$ 9	\$ 322,260	\$ -	\$ 156	\$ 105	\$ 39,659	\$ 1,320,463
Receipts:										
Taxes	417,574	-	-	-	-	-	-	-	-	417,574
Intergovernmental receipts	181,675	-	22,713	-	-	-	-	-	-	204,388
Charges for services	4,620	-	-	-	-	130	285	-	-	5,035
Fines and forfeits	5,330	-	-	-	-	-	-	-	-	5,330
Other receipts	1,382	73,289	50,000	-	2,293	-	-	-	3,798	130,762
Total receipts	610,581	73,289	72,713	-	2,293	130	285	-	3,798	763,089
Disbursements:										
Personal services	320,477	-	-	-	-	-	-	-	-	320,477
Supplies	14,116	-	-	-	-	-	-	-	502	14,618
Other services and charges	81,650	-	-	-	-	-	-	-	1,290	82,940
Capital outlay	57,219	-	-	-	-	-	-	-	12,976	70,195
Other disbursements	50,000	72,322	-	9	-	130	376	-	851	123,688
Total disbursements	523,462	72,322	-	9	-	130	376	-	15,619	611,918
Excess (deficiency) of receipts over disbursements	87,119	967	72,713	(9)	2,293	-	(91)	-	(11,821)	151,171
Cash and investments - ending	\$ 644,182	\$ 4,013	\$ 470,878	\$ -	\$ 324,553	\$ -	\$ 65	\$ 105	\$ 27,838	\$ 1,471,634

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

	Operating	Payroll Deductions	Rainy Day	Library Improvement Reserve	PLAC Card	EI Fund	Cash Change	Gift	Totals
Cash and investments - beginning	\$ 644,182	\$ 4,013	\$ 470,878	\$ 324,553	\$ -	\$ 65	\$ 105	\$ 27,838	\$ 1,471,634
Receipts:									
Taxes	598,553	-	-	-	-	-	-	-	598,553
Intergovernmental receipts	47,299	-	-	-	-	-	-	-	47,299
Charges for services	5,068	-	-	-	130	-	-	-	5,198
Fines and forfeits	5,488	-	-	-	-	247	-	-	5,735
Other receipts	14,126	73,196	58,483	58,000	-	-	-	2,735	206,540
Total receipts	670,534	73,196	58,483	58,000	130	247	-	2,735	863,325
Disbursements:									
Personal services	323,945	-	-	-	-	-	-	-	323,945
Supplies	11,541	-	-	-	-	-	-	9,515	21,056
Other services and charges	96,081	-	-	-	-	-	-	-	96,081
Capital outlay	51,364	-	-	-	-	-	-	-	51,364
Other disbursements	116,483	73,850	-	-	130	289	-	-	190,752
Total disbursements	599,414	73,850	-	-	130	289	-	9,515	683,198
Excess (deficiency) of receipts over disbursements	71,120	(654)	58,483	58,000	-	(42)	-	(6,780)	180,127
Cash and investments - ending	\$ 715,302	\$ 3,359	\$ 529,361	\$ 382,553	\$ -	\$ 23	\$ 105	\$ 21,058	\$ 1,651,761

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

	Operating	Payroll Deductions	Rainy Day	Library Improvement Reserve	PLAC Card	EI Fund	Cash Change	Gift	Totals
Cash and investments - beginning	\$ 715,302	\$ 3,359	\$ 529,361	\$ 382,553	\$ -	\$ 23	\$ 105	\$ 21,058	\$ 1,651,761
Receipts:									
Taxes	620,552	-	-	-	-	-	-	-	620,552
Intergovernmental receipts	43,451	-	-	-	-	-	-	-	43,451
Charges for services	5,040	-	-	-	130	-	-	-	5,170
Fines and forfeits	6,789	-	-	-	-	-	-	-	6,789
Other receipts	8,345	74,856	65,811	3,022	-	306	-	5,240	157,580
Total receipts	684,177	74,856	65,811	3,022	130	306	-	5,240	833,542
Disbursements:									
Personal services	336,067	-	-	-	-	-	-	-	336,067
Supplies	10,537	-	-	-	-	-	-	1,670	12,207
Other services and charges	115,002	-	-	-	-	-	-	-	115,002
Capital outlay	43,134	-	-	-	-	-	-	-	43,134
Other disbursements	60,800	75,422	-	-	130	279	-	-	136,631
Total disbursements	565,540	75,422	-	-	130	279	-	1,670	643,041
Excess (deficiency) of receipts over disbursements	118,637	(566)	65,811	3,022	-	27	-	3,570	190,501
Cash and investments - ending	\$ 833,939	\$ 2,793	\$ 595,172	\$ 385,575	\$ -	\$ 50	\$ 105	\$ 24,628	\$ 1,842,262

NORTH WEBSTER COMMUNITY 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:	
Infrastructure	\$ 17,365
Buildings	30,878
Improvements other than buildings	1,733
Machinery, equipment, and vehicles	270,469
Books and other	<u>614,565</u>
Total capital assets	<u>\$ 935,010</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/>.