

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

FINANCIAL STATEMENT AUDIT REPORT

OF

TIPPECANOE COUNTY CONTRACTUAL LIBRARY

TIPPECANOE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
11/04/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	7
Notes to Financial Statement	8-12
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-17
Schedule of Leases and Debt	19
Other Reports.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Librarian	Jos N. Holman	01-01-17 to 12-31-19
Treasurer	Stephen Bultinck David Lahr	01-01-17 to 12-31-17 01-01-18 to 12-31-19
President of the Library Board	Mida Grover Lora Goonewardene	01-01-17 to 12-31-17 01-01-18 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TIPPECANOE COUNTY CONTRACTUAL
LIBRARY, TIPPECANOE COUNTY, INDIANA

Report on the Financial Statement

We were engaged to audit the accompanying financial statement of the Tippecanoe County Contractual Library (Library), which comprises the financial position and results of operations for the period of January 1, 2017 to December 31, 2018, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The Library did not properly reconcile the accounting records with the depository balances. Unexplained material variances existed when attempting to reconcile the Library's accounting records with the depository balances. Financial reports obtained from the Library's accounting software were determined to be unreliable due to numerous inconsistencies. The Library's records do not permit the application of other auditing procedures to ascertain if the financial statement is fairly stated.

INDEPENDENT AUDITOR'S REPORT
(Continued)


Disclaimer of Opinion

Because of the significance of the matter discussed in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on this financial statement.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Library's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us and accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

October 30, 2019

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Library. The financial statement and notes are presented as intended by the Library.

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TIPPECANOE COUNTY CONTRACTUAL 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 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
Cash-Operating	\$ 2,039,916	\$ 5,040,013	\$ 4,566,946	\$ 2,512,983	\$ 5,395,511	\$ 4,766,512	\$ 3,141,982
Rainy Day	874,715	500,000	-	1,374,715	62,550	-	1,437,265
Lirf	506,443	100,000	-	606,443	-	-	606,443
Construction 2015	23,593	-	-	23,593	-	-	23,593
Construction 2018	-	-	-	-	4,500,000	98,605	4,401,395
Gift	82,004	23,105	-	105,109	23,218	38,782	89,545
Swezey	35,624	-	-	35,624	-	-	35,624
Gregory	13,442	-	-	13,442	-	-	13,442
Books For Keeps	(22)	22	-	-	-	-	-
Browne	1,178	-	-	1,178	-	-	1,178
Mental Hlth	869	-	-	869	-	-	869
Pefcu Read Aloud	3,187	2,500	-	5,687	-	1,169	4,518
Plac	272	-	-	272	115	130	257
Birf	137,861	778,663	356,688	559,836	470,736	695,090	335,482
Construction 2006	(132,790)	132,790	-	-	-	-	-
Totals	<u>\$ 3,586,292</u>	<u>\$ 6,577,093</u>	<u>\$ 4,923,634</u>	<u>\$ 5,239,751</u>	<u>\$ 10,452,130</u>	<u>\$ 5,600,288</u>	<u>\$ 10,091,593</u>

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

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Library.

B. Basis of Accounting

The financial statement is 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 statement. 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

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. 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.

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.

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
NOTES TO FINANCIAL STATEMENT
(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 December 31 of the year preceding the budget year or January 15 of the budget year if the Library is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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.

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
NOTES TO FINANCIAL STATEMENT
(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 statement. 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) Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Library authority to contribute to the plan.

My Choice: Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Library authority to contribute to the plan.

New employees hired have a one-time election to join either the Public Employees' Hybrid Plan (PERF Hybrid) or the My Choice: Retirement Savings Plan for Public Employees (My Choice), which is a multiple-employer defined contribution plan. PERF Hybrid consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

Financial Report

INPRS 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. (844) 464-6777

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Contributions

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

Note 7. Subsequent Event

The Library issued a bond on December 13, 2018, for \$4,500,000 for construction of a new branch in 2019. Estimated completion of construction is March 2020.

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 statement 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.

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	<u>Cash-Operating</u>	<u>Rainy Day</u>	<u>Lif</u>	<u>Construction 2015</u>	<u>Construction 2018</u>	<u>Gift</u>	<u>Swezey</u>	<u>Gregory</u>
Cash and investments - beginning	\$ 2,039,916	\$ 874,715	\$ 506,443	\$ 23,593	\$ -	\$ 82,004	\$ 35,624	\$ 13,442
Receipts:								
Taxes	4,729,418	-	-	-	-	-	-	-
Intergovernmental receipts	235,075	-	-	-	-	-	-	-
Charges for services	69,920	-	-	-	-	-	-	-
Other receipts	5,600	500,000	100,000	-	-	23,105	-	-
Total receipts	<u>5,040,013</u>	<u>500,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>23,105</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	2,763,693	-	-	-	-	-	-	-
Supplies	59,182	-	-	-	-	-	-	-
Other services and charges	463,084	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	1,017,030	-	-	-	-	-	-	-
Other disbursements	263,957	-	-	-	-	-	-	-
Total disbursements	<u>4,566,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>473,067</u>	<u>500,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>23,105</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,512,983</u>	<u>\$ 1,374,715</u>	<u>\$ 606,443</u>	<u>\$ 23,593</u>	<u>\$ -</u>	<u>\$ 105,109</u>	<u>\$ 35,624</u>	<u>\$ 13,442</u>

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Books For Keeps	Browne	Mental Hlth	Pefcu Read Aloud	Plac	Birf	Construction 2006	Totals
Cash and investments - beginning	\$ (22)	\$ 1,178	\$ 869	\$ 3,187	\$ 272	\$ 137,861	\$ (132,790)	\$ 3,586,292
Receipts:								
Taxes	-	-	-	-	-	742,408	-	5,471,826
Intergovernmental receipts	-	-	-	-	-	36,255	-	271,330
Charges for services	-	-	-	-	-	-	-	69,920
Other receipts	22	-	-	2,500	-	-	132,790	764,017
Total receipts	22	-	-	2,500	-	778,663	132,790	6,577,093
Disbursements:								
Personal services	-	-	-	-	-	-	-	2,763,693
Supplies	-	-	-	-	-	-	-	59,182
Other services and charges	-	-	-	-	-	938	-	464,022
Debt service - principal and interest	-	-	-	-	-	355,750	-	355,750
Capital outlay	-	-	-	-	-	-	-	1,017,030
Other disbursements	-	-	-	-	-	-	-	263,957
Total disbursements	-	-	-	-	-	356,688	-	4,923,634
Excess (deficiency) of receipts over disbursements	22	-	-	2,500	-	421,975	132,790	1,653,459
Cash and investments - ending	\$ -	\$ 1,178	\$ 869	\$ 5,687	\$ 272	\$ 559,836	\$ -	\$ 5,239,751

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	<u>Cash-Operating</u>	<u>Rainy Day</u>	<u>Lirf</u>	<u>Construction 2015</u>	<u>Construction 2018</u>	<u>Gift</u>	<u>Swezey</u>	<u>Gregory</u>
Cash and investments - beginning	\$ 2,512,983	\$ 1,374,715	\$ 606,443	\$ 23,593	\$ -	\$ 105,109	\$ 35,624	\$ 13,442
Receipts:								
Taxes	4,901,670	62,550	-	-	-	-	-	-
Intergovernmental receipts	425,600	-	-	-	-	-	-	-
Charges for services	39,437	-	-	-	-	-	-	-
Other receipts	28,804	-	-	-	4,500,000	23,218	-	-
Total receipts	<u>5,395,511</u>	<u>62,550</u>	<u>-</u>	<u>-</u>	<u>4,500,000</u>	<u>23,218</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	2,957,768	-	-	-	-	-	-	-
Supplies	48,964	-	-	-	-	-	-	-
Other services and charges	705,560	-	-	-	98,605	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	1,054,220	-	-	-	-	38,782	-	-
Total disbursements	<u>4,766,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,605</u>	<u>38,782</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>628,999</u>	<u>62,550</u>	<u>-</u>	<u>-</u>	<u>4,401,395</u>	<u>(15,564)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,141,982</u>	<u>\$ 1,437,265</u>	<u>\$ 606,443</u>	<u>\$ 23,593</u>	<u>\$ 4,401,395</u>	<u>\$ 89,545</u>	<u>\$ 35,624</u>	<u>\$ 13,442</u>

TIPPECANOE COUNTY CONTRACTUAL LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	Books For Keeps	Browne	Mental Hlth	Pefcu Read Aloud	Plac	Birf	Construction 2006	Totals
Cash and investments - beginning	\$ -	\$ 1,178	\$ 869	\$ 5,687	\$ 272	\$ 559,836	\$ -	\$ 5,239,751
Receipts:								
Taxes	-	-	-	-	-	431,543	-	5,395,763
Intergovernmental receipts	-	-	-	-	-	39,193	-	464,793
Charges for services	-	-	-	-	115	-	-	39,552
Other receipts	-	-	-	-	-	-	-	4,552,022
Total receipts	-	-	-	-	115	470,736	-	10,452,130
Disbursements:								
Personal services	-	-	-	-	-	-	-	2,957,768
Supplies	-	-	-	989	-	-	-	49,953
Other services and charges	-	-	-	80	130	-	-	804,375
Debt service - principal and interest	-	-	-	-	-	695,090	-	695,090
Capital outlay	-	-	-	100	-	-	-	1,093,102
Total disbursements	-	-	-	1,169	130	695,090	-	5,600,288
Excess (deficiency) of receipts over disbursements	-	-	-	(1,169)	(15)	(224,354)	-	4,851,842
Cash and investments - ending	\$ -	\$ 1,178	\$ 869	\$ 4,518	\$ 257	\$ 335,482	\$ -	\$ 10,091,593

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TIPPECANOE COUNTY CONTRACTUAL LIBRARY
SCHEDULE OF LEASES AND DEBT
December 31, 2018

<u>Description of Debt</u>		<u>Ending</u>	<u>Principal and</u>
<u>Type</u>	<u>Purpose</u>	<u>Principal</u>	<u>Interest Due</u>
		<u>Balance</u>	<u>Within One</u>
			<u>Year</u>
Governmental activities:			
General obligation bonds	2014	\$ 705,000	\$ 357,400
General obligation bonds	2017	235,000	256,525
General obligation bonds	2018	<u>4,500,000</u>	<u>148,776</u>
Totals		<u>\$ 5,440,000</u>	<u>\$ 762,701</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/>.