

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

FINANCIAL STATEMENT REVIEW REPORT

OF

PORTER COUNTY PUBLIC LIBRARY

PORTER COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED

12/21/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jesse Butz	01-01-19 to 12-31-21
Treasurer	Thomas Neuffer Olga Grant Kristy Merritt	01-01-19 to 06-30-20 07-01-20 to 06-30-21 07-01-21 to 12-31-21
President of the Library Board	Stu Summers Stacey Whitten Kevin Pazour	01-01-19 to 06-30-20 07-01-20 to 06-30-21 07-01-21 to 12-31-21



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statement of the Porter County Public Library (Library), for the period of January 1, 2019 to December 31, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Library's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with a regulatory 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. This includes determining that the basis of accounting the Library uses is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with 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. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

December 15, 2021

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.

PORTER COUNTY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2019

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19
OPERATING FUND	\$ 3,272,319	\$ 6,798,899	\$ 7,718,716	\$ 2,352,502
RAINY DAY FUND	3,992,082	2,341,350	1,240,258	5,093,174
STATE TECHNOLOGY FUND GRANT	7,808	35,175	42,041	942
LEVY EXCESS	1,233	-	-	1,233
LIRF	129,914	-	-	129,914
PLAC FUND	65	-	65	-
GENEALOGY GRANT FUND	-	500	500	-
BOOKS FOR BABIES PROGRAM	-	500	30	470
LIBRARY PLAZA	-	5,000	-	5,000
MEMORIAL TRUST	-	1,200,000	-	1,200,000
GIFT AND BEQUESTS	71,305	40,045	46,929	64,421
RAINY DAY FUND - DEBIT/CC	1,196	7,047	6,636	1,607
PAYROLL	-	913	913	-
PAYROLL FEDERAL TAX	-	173,630	173,630	-
PAYROLL FICA TAXES	-	347,871	347,871	-
PAYROLL - STATE TAX	-	72,507	69,694	2,813
PAYROLL - PERF	-	197,513	197,513	-
PAYROLL - HEALTH INSURANCE	-	93,041	89,638	3,403
PAYROLL - AFLAC	-	3,163	3,056	107
PAYROLL - COUNTY TAXES	-	14,471	13,915	556
PAYROLL - LSA DUES	-	400	400	-
PAYROLL - ANNUITY	-	45,275	44,384	891
PAYROLL - GARNISHMENT	-	1,634	1,634	-
PAYROLL - DENTAL INSURANCE	-	13,631	13,128	503
PAYROLL - VISION INSURANCE	-	3,591	3,458	133
PAYROLL - ASSURITY INSURANCE	-	696	682	14
PAYROLL - LIFE INSURANCE	-	52	52	-
PAYROLL - ANNUITY - HOOSIER START	-	16,640	16,000	640
PAYROLL - ROTH - HOOSIER START	-	8,085	7,785	300
PAYROLL - HSA	-	4,990	4,990	-
PAYROLL - CHILD SUPPORT	-	1,470	1,400	70
PAYROLL - DIRECT DEPOSIT	-	1,702,415	1,702,415	-
Totals	<u>\$ 7,475,922</u>	<u>\$ 13,130,504</u>	<u>\$ 11,747,733</u>	<u>\$ 8,858,693</u>

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

PORTER COUNTY PUBLIC 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.

PORTER COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: copies of public records, copy machines charges, accident report copies, park rental fees.

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 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.

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.

PORTER COUNTY PUBLIC 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.

PORTER COUNTY PUBLIC 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 Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB 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.

The Public Employees' Hybrid 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.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the 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 PERF Hybrid or the My Choice.

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

PORTER COUNTY PUBLIC 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

Library Garden

In 2020, the Library Garden was being built and was finished in 2021. This was funded by a grant from the Office of Community and Rural Affairs to the City of Valparaiso, private donations, and a local share match from the Library. The Library was the sub-recipient of the grant, but all funds, payments, and grant administration were performed by the City.

PORTER COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2021, with Jesse Butz, Director; Kristy Merritt, Treasurer; Kevin Pazour, President of the Library Board; and Hayley Scott, Associate Director.