

STATE BOARD OF ACCOUNTS
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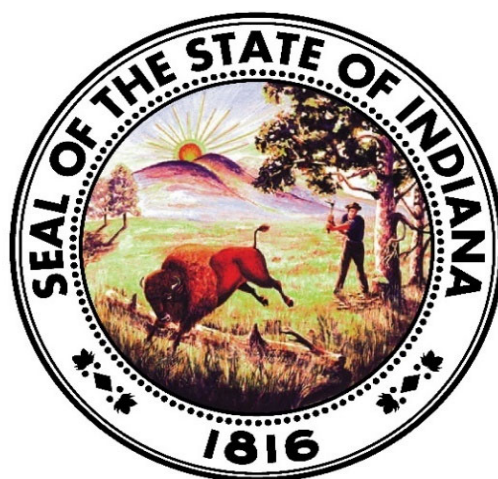
FINANCIAL STATEMENTS REVIEW REPORT

OF

ECKHART PUBLIC LIBRARY

DEKALB COUNTY, INDIANA

January 1, 2018 to December 31, 2021



FILED
10/05/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Janelle H. Graber Katie R. Mullins	01-01-18 to 04-17-22 04-18-22 to 12-31-22
Treasurer	William J. Schaab	01-01-18 to 12-31-22
President of the Library Board	Carolyn S. Foley Barbara O. Morrow	01-01-18 to 01-31-22 02-01-22 to 12-31-22



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE ECKHART PUBLIC LIBRARY, DEKALB COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Eckhart Public Library (Library), for the period of January 1, 2018 to December 31, 2021. 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 statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 statements 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 statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibilities

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 statements for them 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.

We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.


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 statements in order for them 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 statements, which describes the basis of accounting. The financial statements are 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.


Beth Kelley, CPA, CFE
Deputy State Examiner

September 20, 2022

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.

ECKHART PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
Operating	\$ 459,669	\$ 1,289,685	\$ 1,202,564	\$ 546,790	\$ 1,379,725	\$ 1,390,647	\$ 535,868
Rainy Day	23,993	-	-	23,993	-	-	23,993
Plac	-	195	195	-	130	130	-
LSTA Grants (Reimb)	(2,544)	14,885	12,341	-	-	-	-
ERate	1,423	12,556	12,129	1,850	18,739	13,575	7,014
Wells Gift Fund	3,518	-	-	3,518	-	-	3,518
CFDC Interest	7,696	-	-	7,696	-	-	7,696
Evergreen	76	557	518	115	444	444	115
Cincinnati Insurance Fire Fund	760,702	1,029,278	1,102,733	687,247	19,015	706,262	-
Trust Indiana - Gift	1,000,921	18,668	-	1,019,589	21,343	305,000	735,932
G & M Petty Cash	-	100	-	100	-	-	100
Trust Indiana - Construction	-	2,434,835	-	2,434,835	44,424	2,237,250	242,009
Insurance Construction	-	2,434,832	2,400,028	34,804	2,237,300	2,260,172	11,932
Operating Cash Change	346	400	196	550	-	-	550
Endowment Interest	200,000	-	-	200,000	-	-	200,000
Fink Endowment	80,721	41	60	80,702	40	60	80,682
Gift & Memorial	144,647	1,187,065	218,849	1,112,863	586,655	1,683,405	16,113
Hicksville Power A/C	134,468	107	78,115	56,460	88	-	56,548
Payroll	-	-	-	-	1,024,523	1,023,014	1,509
WHW Gift & Memorial	-	-	-	-	42,719	37,503	5,216
Totals	<u>\$ 2,815,636</u>	<u>\$ 8,423,204</u>	<u>\$ 5,027,728</u>	<u>\$ 6,211,112</u>	<u>\$ 5,375,145</u>	<u>\$ 9,657,462</u>	<u>\$ 1,928,795</u>

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

ECKHART PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Operating	\$ 535,868	\$ 1,550,018	\$ 1,403,952	\$ 681,934	\$ 1,495,020	\$ 1,495,281	\$ 681,673
Rainy Day	23,993	-	-	23,993	-	-	23,993
Plac	-	130	130	-	130	130	-
Operating Cash Change	550	-	-	550	-	-	550
Evergreen	115	482	403	194	398	515	77
LSTA Grants (Reimb)	-	10,026	10,026	-	-	-	-
Endowment Interest	200,000	36,556	-	236,556	-	-	236,556
ERate	7,013	20,767	22,549	5,231	16,382	17,614	3,999
CFDC Interest	7,696	-	-	7,696	-	-	7,696
Wells Gift Fund	3,518	-	-	3,518	-	-	3,518
Cares Act LSTA Mini Grant	-	1,400	1,400	-	-	-	-
LSTA Cares Act Grant 2	-	-	-	-	2,000	2,000	-
Payroll	1,510	958,360	958,491	1,379	943,540	942,192	2,727
Gift & Memorial	16,113	384,248	202,335	198,026	383,917	257,916	324,027
G & M Petty Cash	100	-	-	100	-	-	100
WHW Gift & Memorial	5,217	26,621	21,828	10,010	17,064	26,126	948
Hicksville Power A/C	56,548	74	36,556	20,066	28	20,094	-
Fink Endowment	80,682	40	60	80,662	15	80,677	-
Insurance Construction	11,931	1,156,340	1,089,428	78,843	17	63,673	15,187
Trust Indiana - Gift	735,932	190,154	925,914	172	100,776	75,000	25,948
Trust Indiana - Construction	242,009	756	242,765	-	-	-	-
Totals	<u>\$ 1,928,795</u>	<u>\$ 4,335,972</u>	<u>\$ 4,915,837</u>	<u>\$ 1,348,930</u>	<u>\$ 2,959,287</u>	<u>\$ 2,981,218</u>	<u>\$ 1,326,999</u>

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

ECKHART 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, 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: local income tax, 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.

ECKHART PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

ECKHART 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 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.

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.

ECKHART PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

ECKHART PUBLIC LIBRARY
REVIEW RESULT AND COMMENT

CAPITAL ASSETS

Condition and Context

The Library did not maintain a complete detailed listing of its capital assets owned which reflected their acquisition value. The Library did not complete a physical inventory of their capital assets at least every two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

ECKHART PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2022, with Katie R. Mullins, Director; Janelle H. Graber, former Director; Luke Martin, Assistant Finance Manager; William J. Schaab, Treasurer; Barbara O. Morrow, President of the Library Board; and Martha Rubrake, Business and Finance Manager.