

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY

BENTON COUNTY, INDIANA

January 1, 2014 to December 31, 2015



FILED
10/31/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Tyson Wheeler	01-01-14 to 03-04-14
	Patti Foster (interim)	03-05-14 to 12-29-14
	Patti Foster	12-30-14 to 12-31-16
Treasurer	Donna Cox	01-01-14 to 12-31-14
	Amy Brown	01-01-15 to 12-31-15
	Courtney Metzinger	01-01-16 to 12-31-16
President of the Library Board	Treeva Sarles	01-01-14 to 12-31-15
	Michael Humphrey	01-01-16 to 12-31-16



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OTTERBEIN-BOLIVER TOWNSHIP
PUBLIC LIBRARY, BENTON COUNTY, INDIANA

We have examined the accompanying financial statement of the Otterbein-Boliver Township Public Library (Library), for the period of January 1, 2014 to December 31, 2015. The financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statement 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2014 to December 31, 2015.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Library for the period of January 1, 2014 to December 31, 2015, on the basis of accounting described in Note 1.

Our examination 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 25, 2016

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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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OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Donations	\$ 7,505	\$ 4,562	\$ 7,132	\$ 4,935	\$ 5,813	\$ 3,604	\$ 7,144
IN Humanities Fund	-	-	-	-	1,000	1,000	-
General Fund	33,987	133,849	117,092	50,744	126,661	119,935	57,470
Rainy Day	14,566	10,000	15,481	9,085	2,900	658	11,327
Levy Excess	-	3	-	3	-	-	3
LIRF	31,691	2,005	9,550	24,146	300	3,307	21,139
Payroll	953	10,125	11,078	-	72,619	72,619	-
Evergreen Indiana	15	41	41	15	145	152	8
Construction Donation	15,886	-	15,886	-	-	-	-
Bond	10,227	109,529	94,500	25,256	91,275	93,500	23,031
Totals	<u>\$ 114,830</u>	<u>\$ 270,114</u>	<u>\$ 270,760</u>	<u>\$ 114,184</u>	<u>\$ 300,713</u>	<u>\$ 294,775</u>	<u>\$ 120,122</u>

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

OTTERBEIN-BOLIVER TOWNSHIP 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 an appointed 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, which can include 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, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of 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.

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services, which can include, but are not limited to, the following: planning commission charges, building department charges, copies of public records, copy machine 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.

Fines and forfeits, which include receipts derived 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, which include 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, which include outflows 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, which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges, which include, but are 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, which includes 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, which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements, which include, but are 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, transfer money 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.

OTTERBEIN-BOLIVER TOWNSHIP 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 money 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 money 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 March 1 (lien date) 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.

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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. *Holding Corporation*

The Library has entered into a capital lease with the Otterbein Library Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Library. The lessor has been determined to be a related-party of the Library. Lease payments during the years 2014 and 2015 totaled \$93,500 and \$93,500, respectively.

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OTHER INFORMATION - UNEXAMINED

The Library's Annual Financial Report information can be found on the Gateway 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 Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Donations	IN Humanities Fund	General Fund	Rainy Day	Levy Excess	LIRF	Payroll	Evergreen Indiana	Construction Donation	Bond	Totals
Cash and investments - beginning	\$ 7,505	\$ -	\$ 33,987	\$ 14,566	\$ -	\$ 31,691	\$ 953	\$ 15	\$ 15,886	\$ 10,227	\$ 114,830
Receipts:											
Taxes	-	-	68,714	-	3	-	-	-	-	86,177	154,894
Intergovernmental receipts	-	-	50,348	-	-	-	-	-	-	7,466	57,814
Charges for services	-	-	11,273	-	-	-	-	-	-	-	11,273
Fines and forfeits	-	-	1,622	-	-	-	-	41	-	-	1,663
Other receipts	4,562	-	1,892	10,000	-	2,005	10,125	-	-	15,886	44,470
Total receipts	4,562	-	133,849	10,000	3	2,005	10,125	41	-	109,529	270,114
Disbursements:											
Personal services	-	-	67,120	-	-	-	-	-	-	-	67,120
Supplies	-	-	6,614	-	-	-	-	-	-	-	6,614
Other services and charges	-	-	20,354	6,254	-	-	-	-	-	1,000	27,608
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	93,500	93,500
Capital outlay	-	-	11,004	9,227	-	9,550	-	-	-	-	29,781
Other disbursements	7,132	-	12,000	-	-	-	11,078	41	15,886	-	46,137
Total disbursements	7,132	-	117,092	15,481	-	9,550	11,078	41	15,886	94,500	270,760
Excess (deficiency) of receipts over disbursements	(2,570)	-	16,757	(5,481)	3	(7,545)	(953)	-	(15,886)	15,029	(646)
Cash and investments - ending	\$ 4,935	\$ -	\$ 50,744	\$ 9,085	\$ 3	\$ 24,146	\$ -	\$ 15	\$ -	\$ 25,256	\$ 114,184

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Donations	IN Humanities Fund	General Fund	Rainy Day	Levy Excess	LIRF	Payroll	Evergreen Indiana	Construction Donation	Bond	Totals
Cash and investments - beginning	\$ 4,935	\$ -	\$ 50,744	\$ 9,085	\$ 3	\$ 24,146	\$ -	\$ 15	\$ -	\$ 25,256	\$ 114,184
Receipts:											
Taxes	-	-	75,812	-	-	-	-	-	-	87,764	163,576
Intergovernmental receipts	-	-	43,649	-	-	-	-	-	-	3,511	47,160
Charges for services	-	-	4,452	-	-	-	-	-	-	-	4,452
Fines and forfeits	-	-	2,254	-	-	-	-	145	-	-	2,399
Other receipts	5,813	1,000	494	2,900	-	300	72,619	-	-	-	83,126
Total receipts	5,813	1,000	126,661	2,900	-	300	72,619	145	-	91,275	300,713
Disbursements:											
Personal services	-	-	72,619	-	-	-	-	-	-	-	72,619
Supplies	-	-	11,287	-	-	-	-	-	-	-	11,287
Other services and charges	-	-	21,856	-	-	-	-	-	-	-	21,856
Debt service - principal and interest	-	-	-	-	-	-	-	-	-	93,500	93,500
Capital outlay	-	-	10,973	-	-	3,307	-	-	-	-	14,280
Other disbursements	3,604	1,000	3,200	658	-	-	72,619	152	-	-	81,233
Total disbursements	3,604	1,000	119,935	658	-	3,307	72,619	152	-	93,500	294,775
Excess (deficiency) of receipts over disbursements	2,209	-	6,726	2,242	-	(3,007)	-	(7)	-	(2,225)	5,938
Cash and investments - ending	\$ 7,144	\$ -	\$ 57,470	\$ 11,327	\$ 3	\$ 21,139	\$ -	\$ 8	\$ -	\$ 23,031	\$ 120,122

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: Otterbein Library Building Corporation	Building Lease Rental	\$ 92,500	7/15/2013	1/15/2023
Total of annual lease payments		<u>\$ 92,500</u>		

OTTERBEIN-BOLIVER TOWNSHIP PUBLIC LIBRARY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2015

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.

	Ending Balance
Governmental activities:	
Land	\$ 15,000
Buildings	504,000
Machinery, equipment, and vehicles	75,000
Books and other	425,000
Total governmental activities	1,019,000
Total capital assets	\$ 1,019,000

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/>.