

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

**FINANCIAL STATEMENTS REVIEW REPORT**

**OF**

**MARION PUBLIC LIBRARY**

**GRANT COUNTY, INDIANA**

**January 1, 2012 to December 31, 2015**



**FILED**  
12/30/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Review Report.....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis .....	6-7
Notes to Financial Statements.....	8-12
Exit Conference.....	13

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mary T. Eckerle	01-01-12 to 12-31-16
Treasurer	Kelly M. Turner	01-01-12 to 12-31-14
	Jerome T. Holderead	01-01-15 to 12-31-16
President of the Board	Debra C. Enyeart	01-01-12 to 12-31-12
	Jane Cline	01-01-13 to 12-31-14
	Dr. Jeremy Case	01-01-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

TO: THE OFFICIALS OF THE MARION PUBLIC LIBRARY, GRANT COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Marion Public Library (Library) for the period of January 1, 2012 to December 31, 2015. 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 Responsibility 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 financial statements that are 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 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.


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.

  
Paul D. Joyce, CPA  
State Examiner

November 16, 2016

## 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.

MARION PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Library Operating	\$ 967,933	\$ 1,690,481	\$ 1,705,296	\$ 953,118	\$ 1,692,824	\$ 1,741,692	\$ 904,250
Rainy Day	25,000	-	-	25,000	-	-	25,000
Library Improvement Reserve	205,692	54,668	-	260,360	25,000	28,265	257,095
PLAC	550	1,600	1,600	550	1,400	1,700	250
Petty Cash & Change	1,500	-	-	1,500	-	-	1,500
Grants	2,036	1,254	2,022	1,268	361	357	1,272
State Technology Fund Grant	2,684	4,298	2,684	4,298	1,720	4,298	1,720
Gift Endowment & Memorial	43,982	8,290	12,021	40,251	14,234	7,366	47,119
Webster Gift	298,342	69,997	33,062	335,277	75,825	28,548	382,554
Erlewine Gift	74,840	233	-	75,073	93	-	75,166
Pulley Gift	44,622	140	-	44,762	55	-	44,817
Swope Gift	64,075	200	-	64,275	80	-	64,355
Modlin Gift	124,541	370	9,799	115,112	143	-	115,255
Lease Rental	29,668	-	29,668	-	-	-	-
Jay House Construction	187	-	-	187	-	-	187
Payroll Deductions	3,663	241,061	244,724	-	260,393	260,393	-
Totals	<u>\$ 1,889,315</u>	<u>\$ 2,072,592</u>	<u>\$ 2,040,876</u>	<u>\$ 1,921,031</u>	<u>\$ 2,072,128</u>	<u>\$ 2,072,619</u>	<u>\$ 1,920,540</u>

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



MARION 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
Library Operating	\$ 904,250	\$ 1,729,227	\$ 1,798,904	\$ 834,573	\$ 1,710,628	\$ 1,711,186	\$ 834,015
Rainy Day	25,000	-	-	25,000	-	-	25,000
Levy Excess	-	-	-	-	401	-	401
Library Improvement Reserve	257,095	25,000	43,988	238,107	-	-	238,107
PLAC	250	1,400	1,400	250	1,945	1,610	585
Petty Cash & Change	1,500	-	-	1,500	-	-	1,500
Grants	1,272	2,449	1,586	2,135	11,500	5,232	8,403
State Technology Fund Grant	1,720	-	1,720	-	3,582	1,616	1,966
Gift Endowment & Memorial	47,119	12,196	8,796	50,519	12,548	13,320	49,747
Webster Gift	382,554	82,564	22,219	442,899	133,155	24,800	551,254
Erlewine Gift	75,166	83	-	75,249	84	-	75,333
Pulley Gift	44,817	49	-	44,866	50	-	44,916
Swope Gift	64,355	71	-	64,426	72	-	64,498
Modlin Gift	115,255	127	-	115,382	128	-	115,510
Jay House Construction	187	-	-	187	-	-	187
Payroll Deductions	-	254,054	254,054	-	244,424	244,424	-
Totals	<u>\$ 1,920,540</u>	<u>\$ 2,107,220</u>	<u>\$ 2,132,667</u>	<u>\$ 1,895,093</u>	<u>\$ 2,118,517</u>	<u>\$ 2,002,188</u>	<u>\$ 2,011,422</u>

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

MARION 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 an appointed 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 may 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.

MARION PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(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 statements. The aggregate disbursements may 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.

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.

MARION PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(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.

MARION PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(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 statements. 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) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and 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. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

MARION PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 7. *Donated Equity Stock***

The Library received a donation on November 24, 1967, in memory of George Webster. This donation is restricted for use in the children's department. The donation consisted of 80 shares of Phillip Morris, Incorporated stock, with a par value of \$1 per share. The stock has split on numerous occasions. In 2003, Phillip Morris, Incorporated changed their name to Altria Group, Incorporated. In 2007, Kraft Foods, Incorporated was spun-off from the Altria Group, Incorporated. In 2012, Mondelez International, Incorporated was spun-off from Kraft Foods, Incorporated.

On December 31, 2015, the Library held 12,360 shares of Phillip Morris International, Incorporated stock; 12,360 shares of Altria Group, Incorporated stock; 2,851 shares of Kraft Heinz Company; and 8,553 shares of Mondelez International, Incorporated stock with a market value of \$2,398,638. This equity stock is not included in the financial statements.

MARION PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2016, with Mary T. Eckerle, Director; Jonie L. Riddle, Business Manager; and Jerome T. Holderead, Treasurer.