

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

BOURBON PUBLIC LIBRARY

MARSHALL COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
09/12/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Heather Barron Nicholas Treber	01-01-12 to 12-31-16 01-01-17 to 12-31-17
Treasurer	Gary Price	01-01-12 to 12-31-17
President of the Library Board	Larry Manhardt Jessica Firestone	01-01-12 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE BOURBON PUBLIC LIBRARY, MARSHALL COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Bourbon Public Library (Library), for the period of January 1, 2012 to December 31, 2016. 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

July 20, 2017

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

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BOURBON 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	\$ 38,130	\$ 173,038	\$ 183,480	\$ 27,688	\$ 194,063	\$ 197,642	\$ 24,109
Rainy Day Fund	42,916	20,128	20,000	43,044	42,102	48,415	36,731
Levy Excess	-	1,458	-	1,458	-	1,458	-
Lirf	27,786	2,817	-	30,603	784	14,657	16,730
Plac Fund	-	200	200	-	50	50	-
State Technology Fund Grant Fund	627	1,330	1,890	67	3,984	2,606	1,445
Gift Fund	5,057	1,878	1,545	5,390	1,707	2,402	4,695
F.I. Saemann Fund	30,127	180	127	30,180	135	315	30,000
Ramona Baer Memorial Fund	58	-	58	-	-	-	-
Thousand Book Fund	(3)	275	186	86	275	86	275
Marshall Co Community Fund	3,371	1,043	517	3,897	2,577	2,810	3,664
Bond Fund	23,891	17,553	22,000	19,444	23,628	23,200	19,872
Payroll Deductions	-	16,766	16,766	-	18,988	18,988	-
Totals	<u>\$ 171,960</u>	<u>\$ 236,666</u>	<u>\$ 246,769</u>	<u>\$ 161,857</u>	<u>\$ 288,293</u>	<u>\$ 312,629</u>	<u>\$ 137,521</u>

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

BOURBON 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	\$ 24,109	\$ 218,501	\$ 204,906	\$ 37,704	\$ 205,840	\$ 202,375	\$ 41,169
Rainy Day Fund	36,731	30,698	33,750	33,679	20,076	22,091	31,664
Levy Excess	-	5	-	5	-	-	5
Lirf	16,730	964	7,866	9,828	113	7,958	1,983
Plac Fund	-	100	100	-	260	260	-
Grant Fund	-	4,277	4,046	231	-	231	-
State Technology Fund Grant Fund	1,445	-	1,445	-	4,476	2,049	2,427
Gift Fund	4,695	2,566	1,661	5,600	3,521	2,196	6,925
F.I. Saemann Fund	30,000	135	67	30,068	90	135	30,023
Thousand Book Fund	275	275	149	401	-	250	151
Marshall Co Community Fund	3,664	1,881	1,881	3,664	9,126	9,283	3,507
Bond Fund	19,872	1,128	21,000	-	-	-	-
Payroll Deductions	-	19,519	19,519	-	22,341	22,341	-
Totals	<u>\$ 137,521</u>	<u>\$ 280,049</u>	<u>\$ 296,390</u>	<u>\$ 121,180</u>	<u>\$ 265,843</u>	<u>\$ 269,169</u>	<u>\$ 117,854</u>

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

BOURBON PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Library Operating	\$ 41,169	\$ 213,292	\$ 196,573	\$ 57,888
Rainy Day Fund	31,664	9,585	-	41,249
Levy Excess	5	-	5	-
LIRF	1,983	4	-	1,987
Plac Fund	-	65	65	-
State Technology Fund Grant Fund	2,427	-	2,427	-
Gift Fund	6,925	3,599	2,671	7,853
F.I. Saemann Fund	30,023	53	75	30,001
Thousand Book Fund	151	250	184	217
Marshall Co Community Fund	3,507	1,213	2,910	1,810
Payroll Deductions	-	25,159	25,159	-
Totals	<u>\$ 117,854</u>	<u>\$ 253,220</u>	<u>\$ 230,069</u>	<u>\$ 141,005</u>

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

BOURBON 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 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.

BOURBON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: 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.

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 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.

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.

BOURBON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. 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 4. 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.

BOURBON PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 5. 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.

BOURBON PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2017, with Nicholas Treber, Director.