

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

ODON-WINKELPLECK PUBLIC LIBRARY

DAVISS COUNTY, INDIANA

January 1, 2011 to December 31, 2015



FILED
04/04/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marsha Lynn Susan Graber	01-01-11 to 12-31-15 01-01-16 to 12-31-17
Treasurer	Sue D. Hays Victoria K. Wittmer	01-01-11 to 01-09-16 01-10-16 to 12-31-17
President of the Board	E. Kennon Pierson	01-01-11 to 12-31-17



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE ODON-WINKELPLECK PUBLIC LIBRARY, DAVIESS COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Odon-Winkelpleck Public Library (Library), for the period of January 1, 2011 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

February 16, 2017

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.

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ODON-WINKELPLECK PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 30,593	\$ 49,849	\$ 52,194	\$ 28,248	\$ 53,352	\$ 54,683	\$ 26,917
Rainy Day	2,382	-	-	2,382	-	-	2,382
Levy Excess	88	-	88	-	599	-	599
Library Improvement Reserve	6,725	559	-	7,284	27	-	7,311
Plac Card	50	-	50	-	-	-	-
Payroll Withholding Fund	-	4,295	4,295	-	4,374	3,684	690
Petty Cash	25	-	-	25	-	-	25
Cash Change	20	-	-	20	-	-	20
Technology Fund	2,465	1,565	1,890	2,140	2,280	2,185	2,235
Gift	33,343	4,326	7,199	30,470	2,731	2,229	30,972
Totals	<u>\$ 75,691</u>	<u>\$ 60,594</u>	<u>\$ 65,716</u>	<u>\$ 70,569</u>	<u>\$ 63,363</u>	<u>\$ 62,781</u>	<u>\$ 71,151</u>

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

ODON-WINKELPLECK PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Operating	\$ 26,917	\$ 53,969	\$ 58,144	\$ 22,742	\$ 54,423	\$ 56,550	\$ 20,615
Rainy Day	2,382	-	1,550	832	-	-	832
Levy Excess	599	-	599	-	-	-	-
Library Improvement Reserve	7,311	13	-	7,324	18	-	7,342
Evergreen Indiana Fund	-	-	-	-	23	1	22
Payroll Withholding Fund	690	4,955	5,645	-	5,032	5,032	-
Petty Cash	25	-	-	25	-	-	25
Cash Change	20	-	-	20	-	-	20
Technology Fund	2,235	2,181	2,235	2,181	-	2,181	-
Gift	30,972	18,516	5,292	44,196	1,879	3,049	43,026
Totals	<u>\$ 71,151</u>	<u>\$ 79,634</u>	<u>\$ 73,465</u>	<u>\$ 77,320</u>	<u>\$ 61,375</u>	<u>\$ 66,813</u>	<u>\$ 71,882</u>

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

ODON-WINKELPLECK PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Operating	\$ 20,615	\$ 58,374	\$ 58,282	\$ 20,707
Rainy Day	832	-	-	832
Library Improvement Reserve	7,342	264	-	7,606
Evergreen Indiana Fund	22	8	30	-
Payroll Withholding Fund	-	5,133	5,133	-
Petty Cash	25	-	-	25
Cash Change	20	50	20	50
Technology Fund	-	4,115	2,049	2,066
Gift	43,026	4,016	13,034	34,008
Totals	<u>\$ 71,882</u>	<u>\$ 71,960</u>	<u>\$ 78,548</u>	<u>\$ 65,294</u>

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

ODON-WINKELPLECK 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.

ODON-WINKELPLECK PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

ODON-WINKELPLECK 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 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 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.

ODON-WINKELPLECK 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. Restatements

For the year ended December 31, 2011, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Library. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2010	Prior Period Adjustment	Balance as of January 1, 2011
Library Improvement Reserve	\$ 725	\$ 6,000	\$ 6,725
Petty Cash	-	25	25
Cash Change	-	20	20

ODON-WINKELPLECK PUBLIC LIBRARY
REVIEW RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Reports for 2011, 2012, 2013, 2014, and 2015 did not include the receipts, disbursements, and balances for the Payroll Withholding Fund.

Adjustments were proposed, approved by management, and made to the financial statements presented in this report.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation as of December 31, 2015, did not balance with the financial records. As of December 31, 2015, the bank account reconciliation identified cash long in the amount of \$562.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ODON-WINKELPLECK PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2017, with Susan Graber, Director; Victoria K. Wittmer, Treasurer; and Marsha Lynn, prior Director and current Bookkeeper. The contents of this report were discussed on February 16, 2017, with Sue D. Hays, former Treasurer.