

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

FINANCIAL STATEMENT AUDIT REPORT
OF
PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
GIBSON COUNTY, INDIANA
January 1, 2016 to December 31, 2017



FILED
06/18/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	7
Notes to Financial Statement	8-10
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	12-17
Other Reports	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Brenda M. Williams	01-01-16 to 12-31-18
Treasurer	Julie A. Sheridan	01-01-16 to 12-31-18
President of the Library Board	Merle Bryant	01-01-16 to 12-31-16
	Bruce McIntosh	01-01-17 to 12-31-17
	Merle Bryant	01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PRINCETON-PATOKA TOWNSHIP
PUBLIC LIBRARY, GIBSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Princeton-Patoka Township Public Library (Library), which comprises the financial position and results of operations for the period of January 1, 2016 to December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (Indiana Code 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2016 to December 31, 2017.


Opinion on Regulatory Basis of Accounting

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, 2016 to December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Library's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

June 12, 2018

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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PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-16	Receipts	Disbursements	12-31-16	Receipts	Disbursements	12-31-17
Operating	\$ 410,319	\$ 616,898	\$ 541,501	\$ 485,716	\$ 901,810	\$ 862,810	\$ 524,716
Rainy Day Fund	66,276	13,310	-	79,586	2,776	-	82,362
CPF Investement	9,769	-	9,769	-	-	-	-
LIRF	23,539	1,200	800	23,939	1,203	-	25,142
LIRF MM Fund	74,486	711	400	74,797	79	74,876	-
Rainy Day MM Fund	175,139	1,660	1,800	174,999	184	175,183	-
PLAC/Evergreen	-	1	1	-	29	29	-
RAINY DAY/LIRF CD	-	-	-	-	249,258	-	249,258
Petty Cash	70	-	-	70	-	-	70
Cash Change	30	-	-	30	-	-	30
State Technology Grant Fund	-	2,352	2,352	-	3,526	3,526	-
Gift Fund	98,470	4,072	4,725	97,817	5	-	97,822
Children's Room Gift Fund	2,475	4,065	4,817	1,723	2,718	2,471	1,970
Automation	4,879	520	130	5,269	553	-	5,822
Genealogy	705	765	943	527	2,000	1,073	1,454
Genealogy Gift Fund	30,186	-	1,001	29,185	-	-	29,185
Mc Cullough Fund	50,948	3,932	11,382	43,498	6,394	17,324	32,568
Payroll	1	82,551	82,552	-	78,295	78,295	-
Totals	<u>\$ 947,292</u>	<u>\$ 732,037</u>	<u>\$ 662,173</u>	<u>\$ 1,017,156</u>	<u>\$ 1,248,830</u>	<u>\$ 1,215,587</u>	<u>\$ 1,050,399</u>

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

PRINCETON-PATOKA 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 a 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. Amounts received from one or more of the following: property tax and county option income tax.

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, and financial institution tax received from the state.

Charges for services. Amounts received for services including, but not limited to, the following: copy machines charges and fines and fees

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.

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. 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.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The Director 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 is subject to final approval by the Indiana Department of Local Government Finance.

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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; 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

OTHER INFORMATION - UNAUDITED

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

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

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Operating	Rainy Day Fund	CPF Investment	LIRF	LIRF MM Fund	Rainy Day MM Fund	PLAC/Evergreen
Cash and investments - beginning	\$ 410,319	\$ 66,276	\$ 9,769	\$ 23,539	\$ 74,486	\$ 175,139	\$ -
Receipts:							
Taxes	516,562	-	-	-	-	-	-
Intergovernmental receipts	78,071	-	-	-	-	-	-
Charges for services	7,901	-	-	-	-	-	-
Fines and forfeits	4,147	-	-	-	-	-	1
Other receipts	10,217	13,310	-	1,200	711	1,660	-
Total receipts	<u>616,898</u>	<u>13,310</u>	<u>-</u>	<u>1,200</u>	<u>711</u>	<u>1,660</u>	<u>1</u>
Disbursements:							
Personal services	343,681	-	-	-	-	-	-
Supplies	7,339	-	-	-	-	-	-
Other services and charges	136,508	-	-	-	-	-	1
Capital outlay	53,821	-	-	-	-	-	-
Other disbursements	152	-	9,769	800	400	1,800	-
Total disbursements	<u>541,501</u>	<u>-</u>	<u>9,769</u>	<u>800</u>	<u>400</u>	<u>1,800</u>	<u>1</u>
Excess (deficiency) of receipts over disbursements	<u>75,397</u>	<u>13,310</u>	<u>(9,769)</u>	<u>400</u>	<u>311</u>	<u>(140)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 485,716</u>	<u>\$ 79,586</u>	<u>\$ -</u>	<u>\$ 23,939</u>	<u>\$ 74,797</u>	<u>\$ 174,999</u>	<u>\$ -</u>

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	RAINY DAY/LIRF CD	Petty Cash	Cash Change	State Technology Grant Fund	Gift Fund	Children's Room Gift Fund	Automation
Cash and investments - beginning	\$ -	\$ 70	\$ 30	\$ -	\$ 98,470	\$ 2,475	\$ 4,879
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	105
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	2,352	4,072	4,065	415
Total receipts	-	-	-	2,352	4,072	4,065	520
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	1,587	70
Other services and charges	-	-	-	2,352	252	1,350	60
Capital outlay	-	-	-	-	4,473	1,880	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,352	4,725	4,817	130
Excess (deficiency) of receipts over disbursements	-	-	-	-	(653)	(752)	390
Cash and investments - ending	\$ -	\$ 70	\$ 30	\$ -	\$ 97,817	\$ 1,723	\$ 5,269

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Genealogy	Genealogy Gift Fund	Mc Cullough Fund	Payroll	Totals
Cash and investments - beginning	\$ 705	\$ 30,186	\$ 50,948	\$ 1	\$ 947,292
Receipts:					
Taxes	-	-	-	-	516,562
Intergovernmental receipts	-	-	-	-	78,071
Charges for services	-	-	-	-	8,006
Fines and forfeits	-	-	-	-	4,148
Other receipts	765	-	3,932	82,551	125,250
Total receipts	<u>765</u>	<u>-</u>	<u>3,932</u>	<u>82,551</u>	<u>732,037</u>
Disbursements:					
Personal services	-	-	-	-	343,681
Supplies	943	1,001	3,117	-	14,057
Other services and charges	-	-	8,265	-	148,788
Capital outlay	-	-	-	-	60,174
Other disbursements	-	-	-	82,552	95,473
Total disbursements	<u>943</u>	<u>1,001</u>	<u>11,382</u>	<u>82,552</u>	<u>662,173</u>
Excess (deficiency) of receipts over disbursements	<u>(178)</u>	<u>(1,001)</u>	<u>(7,450)</u>	<u>(1)</u>	<u>69,864</u>
Cash and investments - ending	<u>\$ 527</u>	<u>\$ 29,185</u>	<u>\$ 43,498</u>	<u>\$ -</u>	<u>\$ 1,017,156</u>

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Operating	Rainy Day Fund	CPF Investment	LIRF	LIRF MM Fund	Rainy Day MM Fund	PLAC/Evergreen
Cash and investments - beginning	\$ 485,716	\$ 79,586	\$ -	\$ 23,939	\$ 74,797	\$ 174,999	\$ -
Receipts:							
Taxes	577,238	-	-	-	-	-	-
Intergovernmental receipts	37,871	-	-	-	-	-	-
Charges for services	8,694	-	-	-	-	-	-
Fines and forfeits	4,555	-	-	-	-	-	29
Other receipts	273,452	2,776	-	1,203	79	184	-
Total receipts	901,810	2,776	-	1,203	79	184	29
Disbursements:							
Personal services	349,686	-	-	-	-	-	-
Supplies	9,283	-	-	-	-	-	-
Other services and charges	112,483	-	-	-	-	-	29
Capital outlay	115,660	-	-	-	-	-	-
Other disbursements	275,698	-	-	-	74,876	175,183	-
Total disbursements	862,810	-	-	-	74,876	175,183	29
Excess (deficiency) of receipts over disbursements	39,000	2,776	-	1,203	(74,797)	(174,999)	-
Cash and investments - ending	\$ 524,716	\$ 82,362	\$ -	\$ 25,142	\$ -	\$ -	\$ -

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	RAINY DAY/LIRF CD	Petty Cash	Cash Change	State Technology Grant Fund	Gift Fund	Children's Room Gift Fund	Automation
Cash and investments - beginning	\$ -	\$ 70	\$ 30	\$ -	\$ 97,817	\$ 1,723	\$ 5,269
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	200
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	249,258	-	-	3,526	5	2,718	353
Total receipts	<u>249,258</u>	<u>-</u>	<u>-</u>	<u>3,526</u>	<u>5</u>	<u>2,718</u>	<u>553</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	228	-
Other services and charges	-	-	-	3,526	-	-	-
Capital outlay	-	-	-	-	-	2,243	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,526</u>	<u>-</u>	<u>2,471</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>249,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>247</u>	<u>553</u>
Cash and investments - ending	<u>\$ 249,258</u>	<u>\$ 70</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 97,822</u>	<u>\$ 1,970</u>	<u>\$ 5,822</u>

PRINCETON-PATOKA TOWNSHIP PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Genealogy	Genealogy Gift Fund	Mc Cullough Fund	Payroll	Totals
Cash and investments - beginning	\$ 527	\$ 29,185	\$ 43,498	\$ -	\$ 1,017,156
Receipts:					
Taxes	-	-	-	-	577,238
Intergovernmental receipts	-	-	-	-	37,871
Charges for services	-	-	-	-	8,894
Fines and forfeits	-	-	-	-	4,584
Other receipts	2,000	-	6,394	78,295	620,243
Total receipts	<u>2,000</u>	<u>-</u>	<u>6,394</u>	<u>78,295</u>	<u>1,248,830</u>
Disbursements:					
Personal services	-	-	-	-	349,686
Supplies	1,073	-	2,839	-	13,423
Other services and charges	-	-	14,365	-	130,403
Capital outlay	-	-	120	-	118,023
Other disbursements	-	-	-	78,295	604,052
Total disbursements	<u>1,073</u>	<u>-</u>	<u>17,324</u>	<u>78,295</u>	<u>1,215,587</u>
Excess (deficiency) of receipts over disbursements	<u>927</u>	<u>-</u>	<u>(10,930)</u>	<u>-</u>	<u>33,243</u>
Cash and investments - ending	<u>\$ 1,454</u>	<u>\$ 29,185</u>	<u>\$ 32,568</u>	<u>\$ -</u>	<u>\$ 1,050,399</u>

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/>.