

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

PUTNAM COUNTY PUBLIC LIBRARY

PUTNAM COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
12/27/2012



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Alice Greenburg	01-01-10 to 12-31-13
Treasurer	Kenneth R. Heeke Rebecca Phillips	07-01-09 to 06-30-12 07-01-12 to 06-30-13
President of the Board	Rebecca Phillips Wesley Wilson	07-01-09 to 06-30-11 07-01-11 to 06-30-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PUTNAM COUNTY PUBLIC LIBRARY, PUTNAM COUNTY, INDIANA

We have examined the accompanying financial statements of the Putnam County Public Library (Library), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statements 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 statements 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 statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 basis noted above is a different basis than that used in the prior period.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2010 and 2011, 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 Payables and Receivables, 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 statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Library's management, Library Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 20, 2012

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## FINANCIAL STATEMENTS

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.

PUTNAM COUNTY PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 139,104	\$ 752,998	\$ 653,468	\$ 238,634
Petty Cash	50	-	-	50
Cash Change	50	-	-	50
Gift	187,288	41,366	35,030	193,624
Rainy Day	199,804	31,507	-	231,311
Technology	4,676	3,398	4,058	4,016
Levy Excess	-	2,555	25	2,530
Bond And Interest Redemption	12,530	-	12,530	-
Library Capital Projects	199,087	158,998	172,985	185,100
Library Improvement Reserve	162,648	297	-	162,945
Plac Card	120	550	540	130
Totals	<u>\$ 905,357</u>	<u>\$ 991,669</u>	<u>\$ 878,636</u>	<u>\$ 1,018,390</u>

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

PUTNAM COUNTY PUBLIC LIBRARY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 238,634	\$ 888,710	\$ 791,723	\$ 335,621
Rainy Day	231,311	93,950	8,538	316,723
Technology	4,016	4,700	4,043	4,673
Levy Excess	2,530	-	2,530	-
Library Capital Projects	185,100	-	185,100	-
Library Improvement Reserve	162,945	1,140	-	164,085
Plac Card	130	350	480	-
Petty Cash	50	-	-	50
Cash Change	50	-	-	50
Gift	193,624	48,537	42,767	199,394
Totals	<u>\$ 1,018,390</u>	<u>\$ 1,037,387</u>	<u>\$ 1,035,181</u>	<u>\$ 1,020,596</u>

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

PUTNAM COUNTY 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 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. Receipts are recorded when received and disbursements are recorded when paid.

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 which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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.

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

PUTNAM COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 which can include, but are 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 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: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include 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.

PUTNAM COUNTY 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 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, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

PUTNAM COUNTY 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 an agent 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  
1 North Capital Street, 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.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Library's 2011 Annual 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 statements contained in this report and the financial information presented in the Annual Reports of the Library which are 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 supplementary information presented was approved by management of the Library. It is presented as intended by the Library.

PUTNAM COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Petty Cash	Cash Change	Gift	Rainy Day	Technology
Cash and investments - beginning	\$ 139,104	\$ 50	\$ 50	\$ 187,288	\$ 199,804	\$ 4,676
Receipts:						
Taxes	312,003	-	-	-	-	-
Intergovernmental	397,143	-	-	-	29,854	3,398
Charges for services	4,054	-	-	-	-	-
Fines and forfeits	25,723	-	-	-	-	-
Other receipts	14,075	-	-	41,366	1,653	-
Total receipts	<u>752,998</u>	<u>-</u>	<u>-</u>	<u>41,366</u>	<u>31,507</u>	<u>3,398</u>
Disbursements:						
Personal services	430,726	-	-	6,222	-	-
Supplies	18,068	-	-	2,525	-	-
Other services and charges	100,047	-	-	5,723	-	4,058
Capital outlay	104,627	-	-	20,560	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>653,468</u>	<u>-</u>	<u>-</u>	<u>35,030</u>	<u>-</u>	<u>4,058</u>
Excess (deficiency) of receipts over disbursements	<u>99,530</u>	<u>-</u>	<u>-</u>	<u>6,336</u>	<u>31,507</u>	<u>(660)</u>
Cash and investments - ending	<u>\$ 238,634</u>	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 193,624</u>	<u>\$ 231,311</u>	<u>\$ 4,016</u>

PUTNAM COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Levy Excess	Bond And Interest Redemption	Library Capital Projects	Library Improvement Reserve	Plac Card	Totals
Cash and investments - beginning	\$ -	\$ 12,530	\$ 199,087	\$ 162,648	\$ 120	\$ 905,357
Receipts:						
Taxes	-	-	142,630	-	-	454,633
Intergovernmental	2,555	-	15,739	-	-	448,689
Charges for services	-	-	-	-	-	4,054
Fines and forfeits	-	-	-	-	-	25,723
Other receipts	-	-	629	297	550	58,570
Total receipts	2,555	-	158,998	297	550	991,669
Disbursements:						
Personal services	-	-	48,904	-	-	485,852
Supplies	-	-	648	-	-	21,241
Other services and charges	-	75	71,269	-	540	181,712
Capital outlay	-	-	52,164	-	-	177,351
Other disbursements	25	12,455	-	-	-	12,480
Total disbursements	25	12,530	172,985	-	540	878,636
Excess (deficiency) of receipts over disbursements	2,530	(12,530)	(13,987)	297	10	113,033
Cash and investments - ending	\$ 2,530	\$ -	\$ 185,100	\$ 162,945	\$ 130	\$ 1,018,390

PUTNAM COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Rainy Day	Technology	Levy Excess	Library Capital Projects	Library Improvement Reserve
Cash and investments - beginning	\$ 238,634	\$ 231,311	\$ 4,016	\$ 2,530	\$ 185,100	\$ 162,945
Receipts:						
Taxes	466,842	-	-	-	-	-
Intergovernmental	294,688	-	-	-	-	-
Charges for services	3,375	-	-	-	-	-
Fines and forfeits	25,005	-	-	-	-	-
Other receipts	98,800	93,950	4,700	-	-	1,140
Total receipts	<u>888,710</u>	<u>93,950</u>	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>1,140</u>
Disbursements:						
Personal services	493,772	-	-	-	-	-
Supplies	19,472	-	-	-	-	-
Other services and charges	164,225	8,538	4,043	-	-	-
Capital outlay	114,254	-	-	-	-	-
Other disbursements	-	-	-	2,530	185,100	-
Total disbursements	<u>791,723</u>	<u>8,538</u>	<u>4,043</u>	<u>2,530</u>	<u>185,100</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>96,987</u>	<u>85,412</u>	<u>657</u>	<u>(2,530)</u>	<u>(185,100)</u>	<u>1,140</u>
Cash and investments - ending	<u>\$ 335,621</u>	<u>\$ 316,723</u>	<u>\$ 4,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,085</u>

PUTNAM COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Plac Card	Petty Cash	Cash Change	Gift	Totals
Cash and investments - beginning	\$ 130	\$ 50	\$ 50	\$ 193,624	\$ 1,018,390
Receipts:					
Taxes	-	-	-	-	466,842
Intergovernmental	-	-	-	-	294,688
Charges for services	350	-	-	-	3,725
Fines and forfeits	-	-	-	-	25,005
Other receipts	-	-	-	48,537	247,127
Total receipts	350	-	-	48,537	1,037,387
Disbursements:					
Personal services	-	-	-	10,897	504,669
Supplies	-	-	-	4,169	23,641
Other services and charges	-	-	-	11,878	188,684
Capital outlay	-	-	-	15,381	129,635
Other disbursements	480	-	-	442	188,552
Total disbursements	480	-	-	42,767	1,035,181
Excess (deficiency) of receipts over disbursements	(130)	-	-	5,770	2,206
Cash and investments - ending	\$ -	\$ 50	\$ 50	\$ 199,394	\$ 1,020,596

PUTNAM COUNTY PUBLIC LIBRARY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 8,431</u>	<u>\$ 155,441</u>

PUTNAM COUNTY PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
IKON Financial Services	Copiers	\$ 2,736	07-01-11	12-31-11
IKON Financial Services	Copiers	<u>2,908</u>	01-01-11	06-30-11
Total governmental activities		<u>5,644</u>		
Total of annual lease payments		<u><u>\$ 5,644</u></u>		

PUTNAM COUNTY PUBLIC LIBRARY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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	\$ 77,400
Buildings	2,250,000
Improvements other than buildings	9,068
Machinery, equipment and vehicles	891,098
Books and other	1,774,622
Total governmental activities	5,002,188
Total capital assets	\$ 5,002,188

PUTNAM COUNTY PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2012, with Alice Greenburg, Director; Rebecca Phillips, Treasurer; and Kenneth R. Heeke, former Treasurer. Our examination disclosed no material items that warrant comment at this time.