

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

BOURBON PUBLIC LIBRARY

MARSHALL COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/09/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-17
Schedule of Leases and Debt .....	18
Schedule of Capital Assets.....	19
Exit Conference.....	20

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Heather Barron	01-01-10 to 12-31-12
Treasurer	Larry Teeple Gary Price	01-01-10 to 12-31-10 01-01-11 to 12-31-12
President of the Board	Larry Manhardt	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Bourbon Public Library (Library), for the period of January 1, 2010 to December 31, 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity 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, 2010 to December 31, 2011.

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 period of January 1, 2010 to December 31, 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 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.

STATE BOARD OF ACCOUNTS

December 5, 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.

BOURBON 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
Library Operating	\$ 93,362	\$ 156,086	\$ 174,890	\$ 74,558
Grant Fund - Lsta	-	4,383	4,383	-
State Technology Fund Grant Fund	1,575	1,741	2,363	953
Gift Fund	4,302	1,781	1,158	4,925
F.I. Saemann Fund	30,544	486	874	30,156
Rainy Day Fund	24,899	4,856	11	29,744
Ramona Baer Memorial Fund	400	26	368	58
Thousand Book Fund	-	275	246	29
Marshall Co Community Fund	1,878	1,814	714	2,978
Levy Excess	-	280	-	280
Bond Fund	16,955	16,693	18,304	15,344
Construction Fund	12,331	123	495	11,959
Lirf	25,505	2,261	2,630	25,136
Paryoll Deductions	(40)	14,332	14,306	(14)
Plac Fund	-	500	500	-
Totals	<u>\$ 211,711</u>	<u>\$ 205,637</u>	<u>\$ 221,242</u>	<u>\$ 196,106</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, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Library Operating	\$ 74,546	\$ 142,914	\$ 179,331	\$ 38,129
Rainy Day Fund	29,744	14,372	1,200	42,916
Levy Excess	280	-	280	-
Lirf	25,136	2,650	-	27,786
Plac Fund	-	350	350	-
State Technology Fund Grant Fund	953	1,565	1,890	628
Gift Fund	4,925	1,455	1,322	5,058
F.I. Saemann Fund	30,156	307	337	30,126
Ramona Baer Memorial Fund	58	-	-	58
Thousand Book Fund	29	275	308	(4)
Marshall Co Community Fund	2,978	1,008	614	3,372
Bond Fund	15,344	27,447	18,900	23,891
Construction Fund	11,959	36	11,995	-
Paryoll Deductions	(14)	15,432	15,418	-
Totals	<u>\$ 196,094</u>	<u>\$ 207,811</u>	<u>\$ 231,945</u>	<u>\$ 171,960</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 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, but are not limited to, 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 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.

BOURBON PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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).

Penalties which include fees received for late payments.

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, but are not limited to, 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.

Debt service principal and interest which include 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 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.

BOURBON 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, 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, 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 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 Annual Reports for years prior to 2011 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 Annual Report information for years 2011 and later 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.

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

	Library Operating	Grant Fund - Lsta	State Technology Fund Grant Fund	Gift Fund	F.I. Saemann Fund	Rainy Day Fund	Ramona Baer Memorial Fund	Thousand Book Fund
Cash and investments - beginning	\$ 93,362	\$ -	\$ 1,575	\$ 4,302	\$ 30,544	\$ 24,899	\$ 400	\$ -
Receipts:								
Taxes	86,227	-	-	-	-	-	-	-
Intergovernmental	48,557	4,383	1,741	-	-	4,553	-	-
Charges for services	2,137	-	-	-	-	-	-	-
Fines and forfeits	2,920	-	-	-	-	-	-	-
Other receipts	16,245	-	-	1,781	486	303	26	275
Total receipts	156,086	4,383	1,741	1,781	486	4,856	26	275
Disbursements:								
Personal services	91,964	-	-	-	-	-	-	-
Supplies	6,295	-	-	391	-	-	-	246
Other services and charges	40,924	-	2,363	-	-	-	-	-
Capital outlay	19,344	4,383	-	-	874	-	368	-
Other disbursements	16,363	-	-	767	-	11	-	-
Total disbursements	174,890	4,383	2,363	1,158	874	11	368	246
Excess (deficiency) of receipts over disbursements	(18,804)	-	(622)	623	(388)	4,845	(342)	29
Cash and investments - ending	\$ 74,558	\$ -	\$ 953	\$ 4,925	\$ 30,156	\$ 29,744	\$ 58	\$ 29

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

	Marshall Co Community Fund	Levy Excess	Bond Fund	Construction Fund	Lif	Paryoll Deductions	Plac Fund	Totals
Cash and investments - beginning	\$ 1,878	\$ -	\$ 16,955	\$ 12,331	\$ 25,505	\$ (40)	\$ -	\$ 211,711
Receipts:								
Taxes	-	-	15,081	-	-	-	-	101,308
Intergovernmental	-	280	1,556	-	-	-	-	61,070
Charges for services	-	-	-	-	-	-	-	2,137
Fines and forfeits	-	-	-	-	-	-	-	2,920
Other receipts	1,814	-	56	123	2,261	14,332	500	38,202
Total receipts	1,814	280	16,693	123	2,261	14,332	500	205,637
Disbursements:								
Personal services	-	-	-	-	-	-	-	91,964
Supplies	-	-	-	-	-	-	-	6,932
Other services and charges	-	-	18,300	-	-	-	-	61,587
Capital outlay	714	-	-	486	2,620	-	-	28,789
Other disbursements	-	-	4	9	10	14,306	500	31,970
Total disbursements	714	-	18,304	495	2,630	14,306	500	221,242
Excess (deficiency) of receipts over disbursements	1,100	280	(1,611)	(372)	(369)	26	-	(15,605)
Cash and investments - ending	\$ 2,978	\$ 280	\$ 15,344	\$ 11,959	\$ 25,136	\$ (14)	\$ -	\$ 196,106

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

	Library Operating	Rainy Day Fund	Levy Excess	Lirf	Plac Fund	State Technology Fund Grant Fund	Gift Fund	F.I. Saemann Fund
Cash and investments - beginning	\$ 74,546	\$ 29,744	\$ 280	\$ 25,136	\$ -	\$ 953	\$ 4,925	\$ 30,156
Receipts:								
Taxes	89,471	-	-	-	-	-	-	-
Intergovernmental	33,464	-	-	-	-	-	-	-
Charges for services	13,365	-	-	-	350	1,565	-	-
Fines and forfeits	3,652	-	-	-	-	-	-	-
Other receipts	2,962	14,372	-	2,650	-	-	1,455	307
Total receipts	<u>142,914</u>	<u>14,372</u>	<u>-</u>	<u>2,650</u>	<u>350</u>	<u>1,565</u>	<u>1,455</u>	<u>307</u>
Disbursements:								
Personal services	95,604	-	-	-	-	-	-	-
Supplies	5,602	-	-	-	-	-	1,322	-
Other services and charges	32,934	-	-	-	-	1,890	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	29,691	-	-	-	-	-	-	337
Other disbursements	15,500	1,200	280	-	350	-	-	-
Total disbursements	<u>179,331</u>	<u>1,200</u>	<u>280</u>	<u>-</u>	<u>350</u>	<u>1,890</u>	<u>1,322</u>	<u>337</u>
Excess (deficiency) of receipts over disbursements	<u>(36,417)</u>	<u>13,172</u>	<u>(280)</u>	<u>2,650</u>	<u>-</u>	<u>(325)</u>	<u>133</u>	<u>(30)</u>
Cash and investments - ending	<u>\$ 38,129</u>	<u>\$ 42,916</u>	<u>\$ -</u>	<u>\$ 27,786</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ 5,058</u>	<u>\$ 30,126</u>

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

	Ramona Baer Memorial Fund	Thousand Book Fund	Marshall Co Community Fund	Bond Fund	Construction Fund	Payroll Deductions	Totals
Cash and investments - beginning	\$ 58	\$ 29	\$ 2,978	\$ 15,344	\$ 11,959	\$ (14)	\$ 196,094
Receipts:							
Taxes	-	-	-	13,045	-	-	102,516
Intergovernmental	-	-	1,008	1,159	-	-	35,631
Charges for services	-	-	-	-	-	-	15,280
Fines and forfeits	-	-	-	-	-	-	3,652
Other receipts	-	275	-	13,243	36	15,432	50,732
Total receipts	-	275	1,008	27,447	36	15,432	207,811
Disbursements:							
Personal services	-	-	-	-	-	-	95,604
Supplies	-	287	614	-	-	-	7,825
Other services and charges	-	-	-	-	-	-	34,824
Debt service - principal and interest	-	-	-	17,700	-	-	17,700
Capital outlay	-	21	-	-	-	-	30,049
Other disbursements	-	-	-	1,200	11,995	15,418	45,943
Total disbursements	-	308	614	18,900	11,995	15,418	231,945
Excess (deficiency) of receipts over disbursements	-	(33)	394	8,547	(11,959)	14	(24,134)
Cash and investments - ending	\$ 58	\$ (4)	\$ 3,372	\$ 23,891	\$ -	\$ -	\$ 171,960

BOURBON PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2003 Library Renovation	<u>\$ 60,000</u>	<u>\$ 22,000</u>

BOURBON 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 15,100
Buildings	560,200
Improvements other than buildings	9,596
Machinery, equipment and vehicles	142,985
Books and other	<u>334,525</u>
Total capital assets	<u>\$ 1,062,406</u>

BOURBON PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2012, with Heather Barron, Director, and Gary Price, Treasurer. Our report disclosed no material items that warrant comment at this time.