

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

FINANCIAL STATEMENTS EXAMINATION REPORT  
OF  
BROOK-IROQUOIS-WASHINGTON PUBLIC LIBRARY  
NEWTON COUNTY, INDIANA  
January 1, 2010 to December 31, 2011



**FILED**  
01/24/2013



## 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 .....	14-15
Schedule of Receivables/Payables .....	16
Schedule of Leases and Debt .....	17
Examination Results and Comments:	
Capital Asset Records .....	18
Annual Report and 100R .....	18
Exit Conference.....	19

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Joyce Whaley	01-01-10 to 12-31-12
Treasurer	Robert Lyons Jeff Vissering	01-01-10 to 10-11-10 10-12-10 to 12-31-12
President of the Board	Marilyn Ekstrom Susan Kindig	01-01-10 to 12-31-10 01-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BROOK-IROQUOIS-WASHINGTON  
PUBLIC LIBRARY, NEWTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Brook-Iroquois-Washington 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 statements 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 Payables and Receivables, and Schedule of Leases and Debt, 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 19, 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.

BROOK-IROQUOIS-WASHINGTON 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	\$ 501,999	\$ 254,056	\$ 198,088	\$ 557,967
Petty Cash	50	-	-	50
Gift	58,810	1,619	397	60,032
Rainy Day	112,605	27,532	-	140,137
Gift #2	100,000	-	-	100,000
Levy Excess	-	611	-	611
Lease Rental Payment	4,292	24,354	25,019	3,627
Library Improvement Reserve	126,850	10,000	-	136,850
Payroll	-	13,866	13,866	-
Totals	<u>\$ 904,606</u>	<u>\$ 332,038</u>	<u>\$ 237,370</u>	<u>\$ 999,274</u>

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

BROOK-IROQUOIS-WASHINGTON 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	\$ 557,967	\$ 252,730	\$ 204,045	\$ 606,652
Rainy Day	140,137	15,400	-	155,537
Levy Excess	611	-	611	-
Library Improvement Reserve	136,850	10,000	-	146,850
Petty Cash	50	-	-	50
Gift	60,032	2,696	505	62,223
Gift #2	100,000	-	-	100,000
Lease Rental Payment	3,627	28,324	29,288	2,663
Payroll	-	14,331	14,331	-
Totals	<u>\$ 999,274</u>	<u>\$ 323,481</u>	<u>\$ 248,780</u>	<u>\$ 1,073,975</u>

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

BROOK-IROQUOIS-WASHINGTON 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 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.

BROOK-IROQUOIS-WASHINGTON 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).

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.

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.

BROOK-IROQUOIS-WASHINGTON 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.

BROOK-IROQUOIS-WASHINGTON 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.

**Note 7. Subsequent Event**

In the period subsequent to the examination period, the Library began a new construction project. The purpose of this project was for library repairs and renovations. The Library awarded a contract of \$161,665 in February of 2012 for this project.

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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.

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

	General	Petty Cash	Gift	Rainy Day	Gift #2	Levy Excess	Lease Rental Payment	Library Improvement Reserve	Payroll	Totals
Cash and investments - beginning	\$ 501,999	\$ 50	\$ 58,810	\$ 112,605	\$ 100,000	\$ -	\$ 4,292	\$ 126,850	\$ -	\$ 904,606
Receipts:										
Taxes	169,541	-	-	-	-	-	22,879	-	-	192,420
Intergovernmental	67,628	-	-	7,632	-	611	1,475	-	-	77,346
Fines and forfeits	1,285	-	-	-	-	-	-	-	-	1,285
Other receipts	15,602	-	1,619	19,900	-	-	-	10,000	13,866	60,987
Total receipts	254,056	-	1,619	27,532	-	611	24,354	10,000	13,866	332,038
Disbursements:										
Personal services	90,278	-	-	-	-	-	-	-	-	90,278
Supplies	3,621	-	-	-	-	-	-	-	-	3,621
Other services and charges	38,145	-	370	-	-	-	1,000	-	-	39,515
Capital outlay	36,144	-	27	-	-	-	-	-	-	36,171
Other disbursements	29,900	-	-	-	-	-	24,019	-	13,866	67,785
Total disbursements	198,088	-	397	-	-	-	25,019	-	13,866	237,370
Excess (deficiency) of receipts over disbursements	55,968	-	1,222	27,532	-	611	(665)	10,000	-	94,668
Cash and investments - ending	\$ 557,967	\$ 50	\$ 60,032	\$ 140,137	\$ 100,000	\$ 611	\$ 3,627	\$ 136,850	\$ -	\$ 999,274

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

	General	Rainy Day	Levy Excess	Library Improvement Reserve	Petty Cash	Gift	Gift #2	Lease Rental Payment	Payroll	Totals
Cash and investments - beginning	\$ 557,967	\$ 140,137	\$ 611	\$ 136,850	\$ 50	\$ 60,032	\$ 100,000	\$ 3,627	\$ -	\$ 999,274
Receipts:										
Taxes	180,756	-	-	-	-	-	-	26,671	-	207,427
Intergovernmental	56,321	-	-	-	-	-	-	1,653	-	57,974
Charges for services	4,940	-	-	-	-	-	-	-	-	4,940
Other receipts	10,713	15,400	-	10,000	-	2,696	-	-	14,331	53,140
Total receipts	252,730	15,400	-	10,000	-	2,696	-	28,324	14,331	323,481
Disbursements:										
Personal services	89,557	-	-	-	-	-	-	-	-	89,557
Supplies	2,984	-	-	-	-	-	-	-	-	2,984
Other services and charges	41,631	-	-	-	-	305	-	-	-	41,936
Debt service - principal and interest	-	-	-	-	-	-	-	28,288	-	28,288
Capital outlay	44,473	-	-	-	-	110	-	-	-	44,583
Other disbursements	25,400	-	611	-	-	90	-	1,000	14,331	41,432
Total disbursements	204,045	-	611	-	-	505	-	29,288	14,331	248,780
Excess (deficiency) of receipts over disbursements	48,685	15,400	(611)	10,000	-	2,191	-	(964)	-	74,701
Cash and investments - ending	\$ 606,652	\$ 155,537	\$ -	\$ 146,850	\$ 50	\$ 62,223	\$ 100,000	\$ 2,663	\$ -	\$ 1,073,975

BROOK-IROQUOIS-WASHINGTON 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>\$ 16,217</u>	<u>\$ -</u>

BROOK-IROQUOIS-WASHINGTON PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: USDA Rural Development	Renovation/Construction	\$ 20,000	06-28-98	12-28-19
Total of annual lease payments		<u>\$ 20,000</u>		

BROOK-IROQUOIS-WASHINGTON PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

***CAPITAL ASSET RECORDS***

The Library does not have completed capital asset records as of December 31, 2011. A similar comment was issued in the prior Examination Report.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

***ANNUAL REPORT AND 100R***

The Library did file an Annual Report in 2010 but it was not filed within 60 days (filed March 7, 2011) of the end of the year. In 2011, the Library's 100R was not filed until March 21, 2011.

Indiana Code 5-11-1-4

"Financial reports; approval of budget or supplemental appropriation Sec. 4. (a) 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."

Indiana Code 5-11-13-1 states in part:

". . . during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts.

BROOK-IROQUOIS-WASHINGTON PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2012, with Joyce Whaley, Director, and on December 21, 2012, via telephone, with Jeff Vissering, Treasurer. The officials concurred with our findings.