

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BERNE PUBLIC LIBRARY

ADAMS COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
10/03/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Marvel B. Zuercher	01-01-10 to 10-14-10
	Angela D. Moore	10-15-10 to 08-31-12
	Kathryn S. Gerber	09-01-12 to 12-31-13
Treasurer	Naomi E. Lehman	11-01-09 to 10-31-11
	Michael Bauserman	11-01-11 to 10-31-13
President of the Board	Edward L. Fox	11-01-09 to 01-01-11
	Richard Yoder	01-02-11 to 10-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BERNE PUBLIC LIBRARY, ADAMS COUNTY, INDIANA

We have examined the accompanying financial statement of the Berne Public Library (Library), for the period of January 1, 2010 to December 31, 2012. The financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement 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. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does 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, 2012.

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, 2010 to December 31, 2012, 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 statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

September 16, 2013

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FINANCIAL STATEMENT

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.

BERNE PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2010, 2011, And 2012

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Rainy Day	\$ 90,846	\$ 12,988	\$ 27,747	\$ 76,087
Levy Excess	-	898	-	898
Library Improvement Reserve	41,909	15,000	20,000	36,909
PLAC	30	50	80	-
Operating	105,352	310,757	255,751	160,358
State Technology Grant	8,100	2,320	3,150	7,270
Gift	8,877	4,492	2,775	10,594
Gates Foundation Grant	-	7,351	5,584	1,767
Lease Rental	53,082	106,683	117,000	42,765
Payroll	-	26,311	25,510	801
Totals	\$ 308,196	\$ 486,850	\$ 457,597	\$ 337,449

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Rainy Day	\$ 76,087	\$ 34,070	\$ 7,424	\$ 102,733
Levy Excess	898	-	898	-
Library Improvement Reserve	36,909	15,000	-	51,909
PLAC	-	100	50	50
Operating	160,358	299,933	310,173	150,118
State Technology Grant	7,270	2,087	2,518	6,839
Gift	10,594	1,916	3,827	8,683
Gates Foundation Grant	1,767	5,976	7,743	-
Lease Rental	42,765	119,197	120,000	41,962
Payroll	801	31,630	32,431	-
Totals	\$ 337,449	\$ 509,909	\$ 485,064	\$ 362,294

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Rainy Day	\$ 102,733	\$ 34,070	\$ 5,500	\$ 131,303
Library Improvement Reserve	51,909	15,000	-	66,909
PLAC	50	100	100	50
Operating	150,118	326,715	315,259	161,574
State Technology Grant	6,839	3,611	2,730	7,720
Gift	8,683	2,346	1,857	9,172
Lease Rental	41,962	116,191	120,000	38,153
Payroll	-	32,290	32,290	-
Totals	\$ 362,294	\$ 530,323	\$ 477,736	\$ 414,881

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

BERNE 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 an appointed 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 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 statement. 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.

BERNE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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 statement. 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.

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

BERNE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

BERNE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

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/.

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 statement 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.

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

	Rainy Day	Levy Excess	Library Improvement Reserve	PLAC	Operating	State Technology Grant
Cash and investments - beginning	\$ 90,846	\$ -	\$ 41,909	\$ 30	\$ 105,352	\$ 8,100
Receipts:						
Taxes	2,987	898	-	-	198,060	-
Intergovernmental	-	-	-	-	83,941	2,320
Charges for services	-	-	-	-	17,970	-
Fines and forfeits	-	-	-	-	3,359	-
Other receipts	10,001	-	15,000	50	7,427	-
Total receipts	<u>12,988</u>	<u>898</u>	<u>15,000</u>	<u>50</u>	<u>310,757</u>	<u>2,320</u>
Disbursements:						
Personal services	5,000	-	-	-	150,685	-
Supplies	-	-	-	-	5,530	-
Other services and charges	22,747	-	20,000	-	34,023	3,150
Capital outlay	-	-	-	-	40,513	-
Other disbursements	-	-	-	80	25,000	-
Total disbursements	<u>27,747</u>	<u>-</u>	<u>20,000</u>	<u>80</u>	<u>255,751</u>	<u>3,150</u>
Excess (deficiency) of receipts over disbursements	<u>(14,759)</u>	<u>898</u>	<u>(5,000)</u>	<u>(30)</u>	<u>55,006</u>	<u>(830)</u>
Cash and investments - ending	<u>\$ 76,087</u>	<u>\$ 898</u>	<u>\$ 36,909</u>	<u>\$ -</u>	<u>\$ 160,358</u>	<u>\$ 7,270</u>

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

	Gift	Gates Foundation Grant	Lease Rental	Payroll	Totals
Cash and investments - beginning	\$ 8,877	\$ -	\$ 53,082	\$ -	\$ 308,196
Receipts:					
Taxes	-	-	97,838	-	299,783
Intergovernmental	-	-	8,845	-	95,106
Charges for services	-	-	-	-	17,970
Fines and forfeits	-	-	-	-	3,359
Other receipts	4,492	7,351	-	26,311	70,632
Total receipts	4,492	7,351	106,683	26,311	486,850
Disbursements:					
Personal services	-	-	-	-	155,685
Supplies	-	-	-	-	5,530
Other services and charges	-	-	117,000	-	196,920
Capital outlay	-	-	-	-	40,513
Other disbursements	2,775	5,584	-	25,510	58,949
Total disbursements	2,775	5,584	117,000	25,510	457,597
Excess (deficiency) of receipts over disbursements	1,717	1,767	(10,317)	801	29,253
Cash and investments - ending	\$ 10,594	\$ 1,767	\$ 42,765	\$ 801	\$ 337,449

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

	Rainy Day	Levy Excess	Library Improvement Reserve	PLAC	Operating	State Technology Grant
Cash and investments - beginning	\$ 76,087	\$ 898	\$ 36,909	\$ -	\$ 160,358	\$ 7,270
Receipts:						
Taxes	-	-	-	-	204,308	-
Intergovernmental	-	-	-	-	66,780	2,087
Charges for services	-	-	-	-	3,517	-
Fines and forfeits	-	-	-	100	18,297	-
Other receipts	34,070	-	15,000	-	7,031	-
Total receipts	<u>34,070</u>	<u>-</u>	<u>15,000</u>	<u>100</u>	<u>299,933</u>	<u>2,087</u>
Disbursements:						
Personal services	6,000	-	-	-	164,701	-
Supplies	-	-	-	-	7,862	-
Other services and charges	1,424	-	-	-	35,148	2,518
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	53,376	-
Other disbursements	-	898	-	50	49,086	-
Total disbursements	<u>7,424</u>	<u>898</u>	<u>-</u>	<u>50</u>	<u>310,173</u>	<u>2,518</u>
Excess (deficiency) of receipts over disbursements	<u>26,646</u>	<u>(898)</u>	<u>15,000</u>	<u>50</u>	<u>(10,240)</u>	<u>(431)</u>
Cash and investments - ending	<u>\$ 102,733</u>	<u>\$ -</u>	<u>\$ 51,909</u>	<u>\$ 50</u>	<u>\$ 150,118</u>	<u>\$ 6,839</u>

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

	Gift	Gates Foundation Grant	Lease Rental	Payroll	Totals
Cash and investments - beginning	\$ 10,594	\$ 1,767	\$ 42,765	\$ 801	\$ 337,449
Receipts:					
Taxes	-	-	111,350	-	315,658
Intergovernmental	-	-	7,847	-	76,714
Charges for services	-	-	-	-	3,517
Fines and forfeits	-	-	-	-	18,397
Other receipts	1,916	5,976	-	31,630	95,623
Total receipts	<u>1,916</u>	<u>5,976</u>	<u>119,197</u>	<u>31,630</u>	<u>509,909</u>
Disbursements:					
Personal services	-	-	-	-	170,701
Supplies	1,189	-	-	-	9,051
Other services and charges	1,669	-	-	-	40,759
Debt service - principal and interest	-	-	120,000	-	120,000
Capital outlay	965	7,743	-	-	62,084
Other disbursements	4	-	-	32,431	82,469
Total disbursements	<u>3,827</u>	<u>7,743</u>	<u>120,000</u>	<u>32,431</u>	<u>485,064</u>
Excess (deficiency) of receipts over disbursements	<u>(1,911)</u>	<u>(1,767)</u>	<u>(803)</u>	<u>(801)</u>	<u>24,845</u>
Cash and investments - ending	<u>\$ 8,683</u>	<u>\$ -</u>	<u>\$ 41,962</u>	<u>\$ -</u>	<u>\$ 362,294</u>

BERNE PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Rainy Day	Library Improvement Reserve	PLAC	Operating	State Technology Grant
Cash and investments - beginning	\$ 102,733	\$ 51,909	\$ 50	\$ 150,118	\$ 6,839
Receipts:					
Taxes	-	-	-	216,165	-
Intergovernmental	-	-	-	87,035	3,611
Charges for services	-	-	100	3,411	-
Other receipts	34,070	15,000	-	20,104	-
Total receipts	34,070	15,000	100	326,715	3,611
Disbursements:					
Personal services	5,500	-	-	171,510	-
Supplies	-	-	-	7,325	-
Other services and charges	-	-	100	41,894	2,730
Capital outlay	-	-	-	45,460	-
Other disbursements	-	-	-	49,070	-
Total disbursements	5,500	-	100	315,259	2,730
Excess (deficiency) of receipts over disbursements	28,570	15,000	-	11,456	881
Cash and investments - ending	\$ 131,303	\$ 66,909	\$ 50	\$ 161,574	\$ 7,720

BERNE PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	<u>Gift</u>	<u>Lease Rental</u>	<u>Payroll</u>	<u>Totals</u>
Cash and investments - beginning	\$ 8,683	\$ 41,962	\$ -	\$ 362,294
Receipts:				
Taxes	-	107,393	-	323,558
Intergovernmental	-	8,798	-	99,444
Charges for services	-	-	-	3,511
Other receipts	<u>2,346</u>	<u>-</u>	<u>32,290</u>	<u>103,810</u>
Total receipts	<u>2,346</u>	<u>116,191</u>	<u>32,290</u>	<u>530,323</u>
Disbursements:				
Personal services	-	-	-	177,010
Supplies	1,357	-	-	8,682
Other services and charges	-	120,000	-	164,724
Capital outlay	500	-	-	45,960
Other disbursements	<u>-</u>	<u>-</u>	<u>32,290</u>	<u>81,360</u>
Total disbursements	<u>1,857</u>	<u>120,000</u>	<u>32,290</u>	<u>477,736</u>
Excess (deficiency) of receipts over disbursements	<u>489</u>	<u>(3,809)</u>	<u>-</u>	<u>52,587</u>
Cash and investments - ending	<u>\$ 9,172</u>	<u>\$ 38,153</u>	<u>\$ -</u>	<u>\$ 414,881</u>

BERNE PUBLIC LIBRARY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Berne Public Library Trust	2000 Renovation of Building	<u>\$ 120,000</u>	01-01-98	12-31-13

BERNE PUBLIC LIBRARY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

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	\$ 1
Buildings	1,393,575
Machinery, equipment, and vehicles	79,102
Books and other	478,592
Total capital assets	\$ 1,951,270

BERNE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2013, with Kathryn S. Gerber, Director, and Richard Yoder, President of the Board. Our examination disclosed no material items that warrant comment at this time.