

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BELL MEMORIAL PUBLIC LIBRARY

KOSCIUSKO COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED

11/04/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Krystal Smith	01-01-11 to 12-31-13
Treasurer	Jill Gross	01-01-11 to 12-31-13
President of the Board	Cal Jackson	01-01-11 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BELL MEMORIAL PUBLIC LIBRARY, KOSCIUSKO COUNTY, INDIANA

We have examined the accompanying financial statement of the Bell Memorial Public Library (Library), for the period of January 1, 2011 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 Indiana 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 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, 2011 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, 2011 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

October 9, 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.

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 232,477	\$ 312,356	\$ 351,901	\$ 192,932	\$ 331,506	\$ 374,611	\$ 149,827
Rainy Day	37,964	34,500	-	72,464	-	-	72,464
Levy Excess	1,116	391	1,507	-	-	-	-
LIRF	-	200	-	200	50	-	250
Plac Card	60	690	750	-	300	300	-
Gift	174,352	2,748	218	176,882	1,386	4,000	174,268
Grants/ Technology	3,892	-	1,260	2,632	1,731	407	3,956
Gob Of 2002	37,298	31,768	34,118	34,948	38,244	38,485	34,707
Capital Projects	27,246	20	27,266	-	-	-	-
Payroll	2,187	37,761	39,688	260	42,629	42,585	304
Totals	<u>\$ 516,592</u>	<u>\$ 420,434</u>	<u>\$ 456,708</u>	<u>\$ 480,318</u>	<u>\$ 415,846</u>	<u>\$ 460,388</u>	<u>\$ 435,776</u>

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

BELL MEMORIAL 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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes 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: copy machine charges and fines and fees.

BELL MEMORIAL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(Continued)

Fines and forfeits which include receipts derived from fines and penalties imposed for late books.

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.

BELL MEMORIAL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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.

BELL MEMORIAL PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 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 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.

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

	Operating	Rainy Day	Levy Excess	LIRF	Plac Card	Gift	Grants/ Technology	Gob Of 2002	Capital Projects	Payroll	Totals
Cash and investments - beginning	\$ 232,477	\$ 37,964	\$ 1,116	\$ -	\$ 60	\$ 174,352	\$ 3,892	\$ 37,298	\$ 27,246	\$ 2,187	\$ 516,592
Receipts:											
Taxes	207,289	-	391	-	-	-	-	28,981	-	-	236,661
Intergovernmental	81,463	-	-	-	-	-	-	2,787	20	-	84,270
Charges for services	11,102	-	-	-	690	-	-	-	-	-	11,792
Fines and forfeits	10,784	-	-	-	-	-	-	-	-	-	10,784
Other receipts	1,718	34,500	-	200	-	2,748	-	-	-	37,761	76,927
Total receipts	312,356	34,500	391	200	690	2,748	-	31,768	20	37,761	420,434
Disbursements:											
Personal services	219,688	-	-	-	750	-	-	-	-	-	220,438
Supplies	14,983	-	-	-	-	-	-	-	-	-	14,983
Other services and charges	65,155	-	-	-	-	-	-	263	-	-	65,418
Debt service - principal and interest	-	-	-	-	-	-	-	33,855	-	-	33,855
Capital outlay	38,621	-	-	-	-	-	-	-	-	-	38,621
Other disbursements	13,454	-	1,507	-	-	218	1,260	-	27,266	39,688	83,393
Total disbursements	351,901	-	1,507	-	750	218	1,260	34,118	27,266	39,688	456,708
Excess (deficiency) of receipts over disbursements	(39,545)	34,500	(1,116)	200	(60)	2,530	(1,260)	(2,350)	(27,246)	(1,927)	(36,274)
Cash and investments - ending	\$ 192,932	\$ 72,464	\$ -	\$ 200	\$ -	\$ 176,882	\$ 2,632	\$ 34,948	\$ -	\$ 260	\$ 480,318

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

	Operating	Rainy Day	Levy Excess	LIRF	Plac Card	Gift	Grants/ Technology	Gob Of 2002	Capital Projects	Payroll	Totals
Cash and investments - beginning	\$ 192,932	\$ 72,464	\$ -	\$ 200	\$ -	\$ 176,882	\$ 2,632	\$ 34,948	\$ -	\$ 260	\$ 480,318
Receipts:											
Taxes	234,716	-	-	-	-	-	-	-	-	-	234,716
Intergovernmental	84,330	-	-	-	-	-	-	34,806	-	-	119,136
Charges for services	1,501	-	-	-	300	-	-	-	-	-	1,801
Fines and forfeits	2,470	-	-	-	-	-	-	-	-	-	2,470
Other receipts	8,489	-	-	50	-	1,386	1,731	3,438	-	42,629	57,723
Total receipts	331,506	-	-	50	300	1,386	1,731	38,244	-	42,629	415,846
Disbursements:											
Personal services	238,317	-	-	-	-	-	-	-	-	-	238,317
Supplies	17,840	-	-	-	-	-	-	-	-	-	17,840
Other services and charges	65,653	-	-	-	-	-	407	-	-	-	66,060
Debt service - principal and interest	-	-	-	-	-	-	-	38,135	-	-	38,135
Capital outlay	523	-	-	-	-	-	-	-	-	-	523
Other disbursements	52,278	-	-	-	300	4,000	-	350	-	42,585	99,513
Total disbursements	374,611	-	-	-	300	4,000	407	38,485	-	42,585	460,388
Excess (deficiency) of receipts over disbursements	(43,105)	-	-	50	-	(2,614)	1,324	(241)	-	44	(44,542)
Cash and investments - ending	\$ 149,827	\$ 72,464	\$ -	\$ 250	\$ -	\$ 174,268	\$ 3,956	\$ 34,707	\$ -	\$ 304	\$ 435,776

BELL MEMORIAL PUBLIC LIBRARY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Building	\$ 360,000	\$ 37,323
Totals		<u>\$ 360,000</u>	<u>\$ 37,323</u>

BELL MEMORIAL 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.

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 762,167
Machinery, equipment, and vehicles	149,052
Books and other	<u>264,005</u>
Total governmental activities	<u>1,175,224</u>
Total capital assets	<u>\$ 1,175,224</u>

BELL MEMORIAL PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 9, 2013, with Krystal Smith, Director, and Debra A. Hiers, Bookkeeper. Our examination disclosed no material items that warrant comment at this time.