

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

EXAMINATION REPORT

OF

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY

FLOYD COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
05/12/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Stephen T. Day	01-01-06 to 12-31-08
Treasurer	Gabrielle Carr Deborah Beckham Margaret Sager	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board	Lowell Smith Roger Whaley	01-01-06 to 12-31-06 01-01-07 to 12-31-08



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NEW ALBANY - FLOYD COUNTY
PUBLIC LIBRARY, FLOYD COUNTY, INDIANA

We have examined the financial information presented herein of the New Albany - Floyd County Public Library (Library) and its discretely presented component unit for the period of January 1, 2006 to December 31, 2007. The Library's management is responsible for the financial information presented herein. Our responsibility is to express an opinion 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 information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Library and its discretely presented component unit for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 6, 2008

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

<u>Primary Government</u>	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Funds:				
General	\$ 374,615	\$ 3,314,705	\$ 3,431,733	\$ 257,587
Gift	358,253	75,167	362,300	71,120
Lost Materials	22,058	13,204	10,927	24,335
Levy Excess	-	16,237	-	16,237
Bond and Interest Redemption	1,777	332,022	327,445	6,354
Library Improvement Reserve	61,584	30,120	28,262	63,442
Library Capital Projects	21,623	287,262	274,812	34,073
Fiduciary Funds:				
Payroll Withholdings	3,206	1,587,936	1,586,894	4,248
PLAC	-	372	372	-
Total Primary Government	<u>843,116</u>	<u>5,657,025</u>	<u>6,022,745</u>	<u>477,396</u>

<u>Discrete Component Unit</u>				
Library Foundation	-	288,935	1,225	287,710
Total Reporting Entity	<u>\$ 843,116</u>	<u>\$ 5,945,960</u>	<u>\$ 6,023,970</u>	<u>\$ 765,106</u>

<u>Primary Government</u>	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Funds:				
General	\$ 257,587	\$ 3,249,446	\$ 3,205,191	\$ 301,842
Gift	71,120	51,718	59,082	63,756
Rainy Day	-	317,704	25	317,679
Lost Materials	24,335	12,592	25,013	11,914
Levy Excess	16,237	-	16,237	-
Bond and Interest Redemption	6,354	314,342	320,194	502
Library Improvement Reserve	63,442	10,139	28,019	45,562
Library Capital Projects	34,073	280,854	197,507	117,420
Fiduciary Funds:				
Payroll Withholdings	4,248	1,597,479	1,597,091	4,636
PLAC	-	270	270	-
Total Primary Government	<u>477,396</u>	<u>5,834,544</u>	<u>5,448,629</u>	<u>863,311</u>

<u>Discrete Component Unit</u>				
Library Foundation	287,710	11,276	10,135	288,851
Total Reporting Entity	<u>\$ 765,106</u>	<u>\$ 5,845,820</u>	<u>\$ 5,458,764</u>	<u>\$ 1,152,162</u>

The accompanying notes are an integral part of the financial information.

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides the following services: cultural and general administrative services.

The accompanying financial schedules present the activities of the Library (primary government) and its' significant component unit. The component unit discussed below is included in the primary government's reporting entity because the primary government appoints a voting majority of the board members of the New Albany - Floyd County Public Library Foundation, Inc. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate row in the financial schedules to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

The New Albany-Floyd County Public Library Foundation, Inc., (Foundation) is a significant discretely presented component unit of the Library. The primary government appoints a voting majority of the Foundation's board and is able to impose its will.

The financial schedules of the individual component unit may be obtained from the office as follows:

New Albany-Floyd County Public Library Foundation, Inc.
180 West Spring Street
New Albany, Indiana 47150

Note 2. Fund Accounting

The Library uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Library in June and December. 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% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Library on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

The Foundation's investments were in money market accounts and common stocks as of December 31, 2007, which are not entirely insured by the Federal Depository Insurance Corporation or by the Public Deposit Insurance Fund. At December 31, 2007, the market value of the Foundation's cash and investments were \$318,754.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Subsequent Event

The Library entered into an agreement with First Independence Bank for a tax anticipation loan for a maximum amount of \$1,000,000, with an interest rate of 3.78%. On February 15, 2008, the Library received \$600,000 of this line of credit.

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 361,605
Buildings	1,258,505
Improvements other than buildings	153,456
Machinery and equipment	<u>6,078,296</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 7,851,862</u>

NEW ALBANY - FLOYD COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2008, with Roger Whaley, President of the Board; Stephen T. Day, Director; and Nancy Reynolds, Business Office Supervisor. Our report disclosed no material items that warrant comment at this time.