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

EXAMINATION REPORT  
OF  
ADAMS PUBLIC LIBRARY SYSTEM  
ADAMS COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
11/01/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kelly A. Ehinger	01-01-08 to 12-31-10
Treasurer	Nancy L. Helm Andrew J. Briggs	01-01-08 to 12-31-08 01-01-09 to 12-31-10
President of the Board	G. Medford Smith	01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Adams Public Library System (Library), for the period of January 1, 2008 to December 31, 2009. 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 for the years ended December 31, 2008 and 2009, 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

July 28, 2010

ADAMS PUBLIC LIBRARY SYSTEM  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 340,026	\$ 704,283	\$ 696,867	\$ 347,442
Gift	1,666	2,429	1,091	3,004
Rainy Day	51,300	-	25,000	26,300
State Technology Grant	3,000	7,260	5,250	5,010
Levy Excess	185	-	-	185
Brogdon Estate - Geneva	45,598	-	-	45,598
Building Gift - Geneva	(1,740)	4,614	2,380	494
Book Gift - Geneva	18,816	991	19,807	-
Grants - Geneva	(412)	2,700	1,006	1,282
Library Improvement Reserve	319,386	5,998	69,715	255,669
Library Capital Projects	11,768	-	-	11,768
<b>Fiduciary Funds:</b>				
Payroll	1,528	85,436	85,392	1,572
Geneva Payroll	(82)	-	-	(82)
Friends Cookbooks	10	42	52	-
PLAC	252	330	462	120
<b>Totals</b>	<b><u>\$ 791,301</u></b>	<b><u>\$ 814,083</u></b>	<b><u>\$ 907,022</u></b>	<b><u>\$ 698,362</u></b>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 347,442	\$ 733,067	\$ 688,522	\$ 391,987
Gift	3,004	2,399	2,162	3,241
Rainy Day	26,300	-	-	26,300
State Technology Grant	5,010	10,665	8,933	6,742
Levy Excess	185	-	-	185
Brogdon Estate - Geneva	45,598	-	-	45,598
Building Gift - Geneva	494	1,007	1,187	314
Book Gift - Geneva	-	242	-	242
Grants - Geneva	1,282	3,860	5,617	(475)
Library Improvement Reserve	255,669	10,750	1,812	264,607
Library Capital Projects	11,768	-	11,768	-
<b>Fiduciary Funds:</b>				
Payroll	1,572	81,643	81,289	1,926
Geneva Payroll	(82)	82	-	-
Friends Cookbooks	-	10	10	-
PLAC	120	300	360	60
<b>Totals</b>	<b><u>\$ 698,362</u></b>	<b><u>\$ 844,025</u></b>	<b><u>\$ 801,660</u></b>	<b><u>\$ 740,727</u></b>

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

ADAMS PUBLIC LIBRARY SYSTEM  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides culture and recreation services.

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 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 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.

ADAMS PUBLIC LIBRARY SYSTEM  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

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. Library Merger

Effective January 1, 2008, the financial transactions of the Decatur Public Library and the Geneva Public Library were combined and reported as the Adams Public Library System. The merger was approved by the Decatur Public Library Board on February 22, 2008, and the Geneva Public Library Board on February 19, 2008.

ADAMS PUBLIC LIBRARY SYSTEM  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2009

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 66,442
Buildings	822,500
Improvements other than buildings	299,195
Machinery and equipment	<u>2,101,524</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 3,289,661</u>

ADAMS PUBLIC LIBRARY SYSTEM  
EXAMINATION RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The cash balance of the Geneva Payroll Fund was overdrawn \$82 at December 31, 2008. The cash balance of the Grants - Geneva Fund was overdrawn \$475 at December 31, 2009.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ADAMS PUBLIC LIBRARY SYSTEM  
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2010, with Kelly A. Ehinger, Director; Andrew J. Briggs, Treasurer; and Johanna J. Spannan, Bookkeeper. The official response has been made a part of this report and may be found on page 10.



## Adams Public Library System

128 S 3rd Street  
Decatur, IN 46733  
260-724-2605  
260-724-2877 fax  
www.apls.lib.in.us

**Decatur**  
128 S 3rd Street  
Decatur, IN 46733  
260-724-2605  
260-724-2877 fax

**Geneva**  
305 E Line Street  
Geneva, IN 46740  
260-368-7270  
260-368-9776 fax

July 28, 2010

State Board of Accounts  
OFFICIAL RESPONSE  
302 W Washington Street, Room E418  
Indianapolis IN 46204-2765

To Whom It May Concern:

In response to the Examination Results and Comments on the 2008-2009 Adams Public Library System's audit report, I submit the following:

- The negative cash balance of \$82 at December 31, 2008 in the Geneva Payroll Fund was carried forward from the Geneva Public Library's books. This was corrected in the Adams Public Library System's books in 2009 as a result of board action on March 30, 2009. This was noted in the library board meeting minutes. The Fund was never used by the Adams Public Library System and was closed after the correction.
- The cash balance of the Grants—Geneva fund was overdrawn \$475 at December 31, 2009 because of an LSTA grant with a fiscal year of June 2009—May 2010. Because the LSTA grants are reimbursable grants, the library first disburses and then receives grant funds after submitting claims for reimbursement. A claim for reimbursement was submitted in December 2009, but the payment was not received by December 31 leaving the fund in negative. All claims for reimbursement have been submitted and all funds have now been received. This grant is now complete.

The library maintains that the first situation, inherited from Geneva, has been corrected and the second indicates nothing more than that reimbursable grants result in periodic negatives which are "corrected" at reimbursement.

Sincerely,

Kelly A. Ehinger,  
Director