

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

EXAMINATION REPORT
OF
LINCOLN HERITAGE PUBLIC LIBRARY
SPENCER COUNTY, INDIANA
January 1, 2007 to December 31, 2010



FILED
03/15/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information: Schedule of Long-Term Debt	7
Examination Result and Comment: Investment Maturity Limitations	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Karen Moran	01-01-07 to 01-20-08
	Joyce Hopkins	01-21-08 to 03-05-08
	Sue Ellen Stultz	03-06-08 to 08-11-08
	Joyce Hopkins	08-12-08 to 01-25-09
	Lynn Mehringer	01-26-09 to 12-31-11
Treasurer	Janet Blowers	01-01-07 to 01-31-07
	Kenneth Schaaf	02-01-07 to 12-31-11
President of the Board	Kenneth Sands	01-01-07 to 12-20-10
	Sara Arnold	12-21-10 to 12-31-11



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LINCOLN HERITAGE PUBLIC LIBRARY, SPENCER COUNTY, INDIANA

We have examined the financial information presented herein of the Lincoln Heritage Public Library (Library), for the period of January 1, 2007 to December 31, 2010. 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, 2007, 2008, 2009 and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, 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

February 8, 2011

LINCOLN HERITAGE 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, 2007, 2008, 2009 And 2010

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 88,262	\$ 467,212	\$ 513,202	\$ 42,272
Gift	4,712	3,738	3,144	5,306
Bond and Interest Redemption	93,769	175,743	174,558	94,954
Library Improvement Reserve	264,011	6,243	-	270,254
Library Capital Projects	132,201	158,816	154,399	136,618
Construction	105,524	105,428	82,748	128,204
Fiduciary Fund:				
PLAC	20	-	20	-
Totals	<u>\$ 688,499</u>	<u>\$ 917,180</u>	<u>\$ 928,071</u>	<u>\$ 677,608</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 42,272	\$ 446,252	\$ 436,731	\$ 51,793
Gift	5,306	3,518	2,934	5,890
Bond and Interest Redemption	94,954	172,294	180,620	86,628
Library Improvement Reserve	270,254	16,703	-	286,957
Library Capital Projects	136,618	168,821	142,932	162,507
Construction	128,204	32,003	79,860	80,347
Totals	<u>\$ 677,608</u>	<u>\$ 839,591</u>	<u>\$ 843,077</u>	<u>\$ 674,122</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 51,793	\$ 509,975	\$ 483,262	\$ 78,506
Gift	5,890	6,531	5,094	7,327
Bond and Interest Redemption	86,628	180,030	177,470	89,188
Library Improvement Reserve	286,957	8,653	-	295,610
Library Capital Projects	162,507	290,923	270,427	183,003
Construction	80,347	436	56,293	24,490
Totals	<u>\$ 674,122</u>	<u>\$ 996,548</u>	<u>\$ 992,546</u>	<u>\$ 678,124</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
General	\$ 78,506	\$ 591,194	\$ 367,749	\$ 301,951
Rainy Day Fund	-	3,735	-	3,735
Gift	7,327	4,669	6,523	5,473
Bond and Interest Redemption	89,188	177,625	181,948	84,865
Library Improvement Reserve	295,610	7,017	-	302,627
Library Capital Projects	183,003	-	183,003	-
Construction	24,490	155	1,076	23,569
Totals	<u>\$ 678,124</u>	<u>\$ 784,395</u>	<u>\$ 740,299</u>	<u>\$ 722,220</u>

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

LINCOLN HERITAGE PUBLIC LIBRARY
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.

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.

LINCOLN HERITAGE PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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.

LINCOLN HERITAGE PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
Remodeling and expansion of Library	\$ 1,070,000	\$ 88,755
Total governmental activities debt	<u>\$ 1,070,000</u>	<u>\$ 88,755</u>

LINCOLN HERITAGE PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

INVESTMENT MATURITY LIMITATIONS

The Library purchased two certificates of deposit that have a stated maturity in excess of two years. These certificates of deposits mature in 2011. A similar comment was made in the prior report.

IC 5-13-9-5.6 states in part: ". . . investments made under this chapter must have a stated final maturity of not more than . . . two (2) years . . . after the date of purchase or entry into a repurchase agreement."

LINCOLN HERITAGE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2011, with Rebecca Hunter, Assistant Treasurer, and Lynn Mehringer, Director. The officials concurred with our finding.