

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

EXAMINATION REPORT
OF
FULTON COUNTY PUBLIC LIBRARY
FULTON COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
05/17/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Aleanna Landis Rebecca Williams (Interim)	01-01-09 to 01-04-10 01-05-10 to 12-31-11
Treasurer	Robert Uhrich	01-01-09 to 12-31-11
President of the Board	Leslie Walker George Hapner	01-01-09 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FULTON COUNTY PUBLIC LIBRARY, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of Fulton County Public Library (Library), for the period of January 1, 2009 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, 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 6, 2011

FULTON 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, 2009 And 2010

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 612,399	\$ 1,056,620	\$ 1,126,358	\$ 542,661
Donations Community Foundation	859	922	-	1,781
Gift Aubbee Memorial Account	726	-	-	726
Literacy Coalition	7,334	5,005	6,051	6,288
Memorial Gift	3,142	14,316	13,191	4,267
Fulton Memorial Gift	27	-	-	27
Bill & Melinda Gates	110	-	-	110
Rainy Day	46,105	9,338	-	55,443
LIRF-Savings	32,789	60,955	-	93,744
State Grant LSTA	7,146	9,180	10,995	5,331
Summer Reading	309	645	-	954
Staff Purchases	103	77	-	180
Debt Service	135,241	219,714	294,589	60,366
Capital Improvements	316,605	45	282,005	34,645
Construction	308,047	-	-	308,047
LIRF-Cash	102,027	-	20,000	82,027
Fiduciary Funds:				
Payroll Withholdings	4,712	66,753	70,589	876
PLAC	91	691	601	181
Totals	<u>\$ 1,577,772</u>	<u>\$ 1,444,261</u>	<u>\$ 1,824,379</u>	<u>\$ 1,197,654</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
General	\$ 542,661	\$ 1,730,089	\$ 1,322,575	\$ 950,175
Donations Community Foundation	1,781	909	-	2,690
Gift Aubbee Memorial Account	726	-	-	726
Literacy Coalition	6,288	5,399	5,392	6,295
Memorial Gift	4,267	689	600	4,356
Fulton Memorial Gift	27	-	-	27
Bill & Melinda Gates	110	-	110	-
Rainy Day	55,443	28,355	10,000	73,798
LIRF-Savings	93,744	730	44,000	50,474
State Grant LSTA	5,331	7,158	6,471	6,018
Summer Reading	954	-	954	-
Staff Purchases	180	16	180	16
Debt Service	60,366	284,515	253,674	91,207
Capital Improvements	34,645	80	8,516	26,209
Construction	308,047	2,673	-	310,720
LIRF-Cash	82,027	85,000	97,991	69,036
Fiduciary Funds:				
Payroll Withholdings	876	-	-	876
Levy Excess	-	3,278	-	3,278
PLAC	181	650	530	301
Totals	<u>\$ 1,197,654</u>	<u>\$ 2,149,541</u>	<u>\$ 1,750,993</u>	<u>\$ 1,596,202</u>

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

FULTON 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: culture and recreation.

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 or highway use taxes 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 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.

FULTON COUNTY 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.

FULTON COUNTY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 105,001
Buildings	4,637,310
Improvements other than buildings	182,312
Machinery and equipment	<u>783,096</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 5,707,718</u></u>

FULTON COUNTY 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:		
Fulton County Public Library Improvement Bonds	<u>\$ 2,845,000</u>	<u>\$ 127,389</u>

FULTON COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ANNUAL REPORT

The annual reports for 2009 and 2010 did not include all funds. Receipts and disbursements were not always correct, and ending balances did not agree with the record fund balances.

IC 5-3-1-4 requires the library to prepare, verify and file an annual report with the State Board of Accounts not later than 60 days after the end of each year.

COMPUTER OUTPUT

The computerized ledger reflected the correct receipts and disbursements, but did not reflect the correct fund balances. The correct fund balances were reflected on a printout entitled "Financial Report by Fund".

A detailed transaction history (similar to a manually posted ledger page) must be maintained supporting each account. Basically, minimum output requirements in an IT environment are the same as the forms prescribed by the State Board of Accounts. Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

FULTON COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2011, with Rebecca Williams, Interim Director; Leesa Sexton, Library Business Manager; Robert Urich, Treasurer; and George Hapner, Library Board of Trustees President. The officials concurred with our findings.