

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

EXAMINATION REPORT
OF
LAKE COUNTY PUBLIC LIBRARY
LAKE COUNTY, INDIANA
January 1, 2008 to December 31, 2010



FILED
05/17/2011

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	5-7
Supplementary Information: Schedule of Capital Assets.....	8
Schedule of Long-Term Debt	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Larry A. Acheff	01-01-08 to 12-31-11
Treasurer	John T. Brock	01-01-08 to 12-31-11
President of the Library Board	Robert Marszalek Dennis Tobin Michael Davis	01-01-08 to 12-31-08 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 THE LAKE COUNTY PUBLIC LIBRARY, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Lake County Public Library (Library), for the period of January 1, 2008 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, 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts 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

February 15, 2011

LAKE COUNTY PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, INTERNAL SERVICE, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008, 2009, And 2010

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 3,308,758	\$ 15,994,676	\$ 15,565,419	\$ 3,738,015
Gift	84,072	177,953	130,437	131,588
Grant	16,338	7,853	4,106	20,085
Bond and Interest Redemption	1,216,037	3,910,828	4,527,030	599,835
Library Improvement Reserve	3,157,761	-	-	3,157,761
Library Capital Projects	1,932,451	1,154,039	313,519	2,772,971
Construction	11,923,470	7,397,304	1,592,748	17,728,026
Internal Service Fund:				
Healthcare Reimbursement Arrangement (HRA) Account	5,714	16,115	12,686	9,143
Fiduciary Funds:				
Payroll Withholdings	13,016	2,047,611	2,044,893	15,734
PLAC	750	2,821	3,061	510
Totals	\$ 21,658,367	\$ 30,709,200	\$ 24,193,899	\$ 28,173,668
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 3,738,015	\$ 9,795,009	\$ 8,536,743	\$ 4,996,281
Gift	131,588	122,760	103,722	150,626
Grant	20,085	-	4,038	16,047
Bond and Interest Redemption	599,835	3,558,131	4,157,966	-
Library Improvement Reserve	3,157,761	-	-	3,157,761
Library Capital Projects	2,772,971	2,314,686	2,062,895	3,024,762
Construction	17,728,026	455,946	1,589,620	16,594,352
Internal Service Fund:				
Healthcare Reimbursement Arrangement (HRA) Account	9,143	5,570	6,924	7,789
Fiduciary Funds:				
Payroll Withholdings	15,734	1,530,088	1,533,470	12,352
PLAC	510	1,710	2,040	180
Totals	\$ 28,173,668	\$ 17,783,900	\$ 17,997,418	\$ 27,960,150
	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Funds:				
General	\$ 4,996,281	\$ 8,667,037	\$ 9,867,769	\$ 3,795,549
Gift	150,626	186,749	164,176	173,199
Grant	16,047	69	196	15,920
Bond and Interest Redemption	-	2,946,467	2,946,467	-
Library Improvement Reserve	3,157,761	-	-	3,157,761
Library Capital Projects	3,024,762	1,045,393	1,264,760	2,805,395
Construction	16,594,352	87,030	505,417	16,175,965
Rainy Day	-	665,000	-	665,000
Levy Excess	-	28,494	-	28,494
Internal Service Fund				
Healthcare Reimbursement Arrangement (HRA) Account	7,789	5,094	6,088	6,795
Fiduciary Funds:				
Payroll Withholdings	12,352	2,999,587	2,995,323	16,616
PLAC	180	601	581	200
Totals	\$ 27,960,150	\$ 16,631,521	\$ 17,750,777	\$ 26,840,894

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

LAKE 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, and general administrative 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.

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. Interfund Transfers

Interfund transfers for the years ended December 31, 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2010</u>
General Fund	Rainy Day Fund	<u>\$ 665,000</u>

LAKE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

The Library typically uses transfers for cash flow purposes as provided by various statutory provisions.

Note 7. Temporary Interfund Loans

Temporary interfund loans for the years ended December 31, 2008, 2009, and 2010, were as follows:

2008:		Loans Outstanding January 1, 2008	Proceeds	Repayments	Loans Outstanding December 31, 2008
Loan to	Loan From				
General Fund	Construction Fund	\$ 4,906,901	\$ -	\$ 4,906,901	\$ -
Bond and Interest Redemption Fund	Construction Fund	2,093,099	-	2,093,099	-
Totals		<u>\$ 7,000,000</u>	<u>\$ -</u>	<u>\$ 7,000,000</u>	<u>\$ -</u>

2009:		Loans Outstanding January 1, 2009	Proceeds	Repayments	Loans Outstanding December 31, 2009
Loan to	Loan From				
Bond and Interest Redemption Fund	Library Capital Projects Fund	\$ -	\$ 1,825,291	\$ 1,732,561	\$ 92,730

2010:		Loans Outstanding January 1, 2010	Proceeds	Repayments	Loans Outstanding December 31, 2010
Loan to	Loan From				
Bond and Interest Redemption Fund	Library Capital Projects Fund	\$ 92,730	\$ 898,311	\$ 523,311	\$ 467,730

Note 8. 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:

LAKE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

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 9. Subsequent Event

Reassessment and Property Taxes

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2010, as required. Therefore, the 2009 pay 2010 property tax rates and levies, as well as related budget orders for 2010, were not established. The County issued a provisional billing due May 10, 2010, based upon the 2008 pay 2009 tax rates. The 2009 pay 2010 tax rates and levies were established as of September 2010. The County sent reconciliation tax bills due November 30, 2010. The County distributed the 2009 pay 2010 final tax settlement on January 20, 2011.

LAKE 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,273,335
Buildings	20,291,161
Machinery and equipment	<u>1,472,345</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 23,036,841</u>

LAKE 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:		
General obligation bonds:		
Public Library Bonds of 2003:		
(new construction and renovation)	\$ 24,210,000	\$ 2,420,600

LAKE COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2011, with John T. Brock, Treasurer; Larry A. Aceff, Director; and Michael Davis, President of the Library Board. Our examination disclosed no material items that warrant comment at this time.