

ALLEN COUNTY PUBLIC LIBRARY
A COMPONENT UNIT OF ALLEN COUNTY
Fort Wayne, Indiana



FILED

07/25/2011

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For The Fiscal Year Ended
December 31, 2010



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A COMPONENT UNIT OF ALLEN COUNTY
Fort Wayne, Indiana

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For The Fiscal Year Ended December 31, 2010

Prepared by:
David K. Sedestrom
Treasurer
Financial Manager

ALLEN COUNTY PUBLIC LIBRARY
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2010

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INTRODUCTORY SECTION



**The Allen County
Public Library
is a service
institution.
It seeks to
inform, educate
and culturally
enrich the entire
community by providing
books and
other library materials,
facilities, and
professional services
for free use by
all residents.**

June 11, 2011

To the Citizens of Allen County and the Trustees of the ALLEN COUNTY PUBLIC LIBRARY:

As Treasurer of the Allen County Public Library (Library), I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Library, a component unit of Allen County, for the fiscal year ended December 31, 2010. This CAFR is presented in conformity with generally accepted accounting principles (GAAP) as applicable to units of government.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Library. To the best of our knowledge the enclosed information is accurate in all material respects and will enable the citizens of Allen County to gain a fuller understanding of the financial affairs of the Library.

The Library is required to undergo an annual single audit of its federal assistance programs in conformity with the provisions of the Single Audit Act of 1984 and the 1996 Amendments and the U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit and the independent auditor's reports on the internal controls and compliance with applicable laws and regulations are presented in a separately issued document.

The Reporting Entity

This report includes all funds and account groups of the Library and its component units. The Library is established under the laws of the State of Indiana. It is governed by a seven-member Board of Trustees appointed by various bodies of elected officials. Two trustees are appointed by the Allen County Commissioners. Two trustees are appointed by the Allen County Council. Two trustees are appointed by the Fort Wayne Community Schools. One trustee is appointed by three other school districts acting together. These three districts are: East Allen County Schools, Northwest Allen County Schools, and Southwest Allen County Schools. Each trustee is appointed to a four-year term and the terms are staggered so no more than two terms expire in any year. The Board levies its own taxes, adopts its own resolutions having the effect of local law governing library matters, and issues its own general obligation debt. The appointments are non-authoritative in nature with no continuing linkage between the various appointing authorities and the appointees. However, changes in legislation now require that if the percentage increase of a subsequent year expense budget is greater than the State determined

amount property tax assessment may increase over the previous year, the budget must be reviewed and approved by the appropriate fiscal body. In the library's case, this fiscal body is the Allen County Council and, as such, the library is considered a component unit of Allen County. The boundaries of the taxing district are effectively defined to include all of Allen County, Indiana.

For financial reporting purposes, under GASB 14 the Library is an "other stand-alone government". An entity of this type applies the provisions of GASB 14 as if it were a primary government. The financial data of two component units have been included based on criteria established by GAAP. The Allen County Public Library Building Corporation is reported as a component unit based on the existence of the special financing relationship with the Library. It was created by the Library Board of Trustees for the sole purpose of financing library buildings and improvements. The Allen County Public Library Foundation is included based on the ability of the Library trustees to appoint a voting majority of the Foundation board and create at least the appearance of control and financial benefit. The foundation exists for the benefit of the Library and is reported as a discrete component unit.

The Library system serves a population of approximately 355,000 residents of Allen County. In addition, many residents of neighboring communities as well as persons from throughout the United States and Canada visit our facilities each year. The Library operates a main library, thirteen branches and the Data Center which houses the Information Technology Services and Technical Services departments. The main library, nine branches, and the Data Center are located within the City of Fort Wayne while four branches are located in other cities and towns.

Economic Condition

The Library district is located in northeastern Indiana, approximately 125 miles northeast of Indianapolis. Fort Wayne is the second largest city in the state and serves as an economic hub for the area. The economy is diverse as exhibited by the lists of principal employers and principal taxpayers in the statistical section. Unemployment rates are in-line with national averages but the cost of living remains comparatively modest. Allen County is the largest county in the state in terms of area. The west central part of the county is dominated by the City of Fort Wayne with about 2/3 of the county's population. The eastern half of the county is largely agricultural with several small towns. General Motors located a state-of-the-art light truck plant in the southwestern part of the county in the mid-80's that generates considerable economic impetus from related activities. As with many mid-west communities that have had a traditional manufacturing base, there has been a steady movement towards more intellectual and service oriented industries and the outlook for the future looks to be stable with continued modest growth. For quite a few years, the assessed valuation for the county grew consistently in the two to five percent range. New home construction has traditionally been strong enough in the suburban areas surrounding Fort Wayne to more than offset assessed valuation decreases in our urban areas. In 2003, though, the State implemented a new valuation method that essentially reassessed all real property at a market based value. This resulted in a 42% jump in the assessed value for real property in Allen County. In 2004, further State legislation went into effect which removed personal property from the assessed value figures. The result of this change was

a 1.9% decrease in total Allen County assessed value from 2004 to 2005. For the years 2005 through 2008, economic and housing growth patterns returned to an upward movement with 2008 showing an approximate increase in assessed values of 3.8%. However, by the start of 2009, the economic recession hit the region hard resulting in record high unemployment rates, income losses, and an approximate 16.1% decrease in assessed values. While 2010 started to show signs of economic recovery, the total assessed value of the County decreased by another 1.39%.

Major Initiatives

The Library is a service institution. It seeks to inform, educate, and culturally enrich the entire community by providing books and other library materials, facilities, technology connectivity, and professional services for free use by all residents. Meeting the information needs of our constituency is an ongoing challenge. An already busy library system continues to become progressively busier. In 2004, a milestone was achieved when total circulation surpassed the five-million mark. However, by the end of 2007 the six-million mark had been surpassed and the seven-million circulation mark was reached in 2009. By 2010, the increase continued as the Library approached the eight-million mark in total circulation. The Allen County Public Library continues to rank in the top ten in system-wide circulation per capita and is consistently rated as one of the top five public libraries in the nation by numerous national public library rating groups. The Convention and Visitors Bureau continues to name the Allen County Public Library as one of the top tourist attractions in Northeast Indiana. The Library's Fred J. Reynolds Historical Genealogy Department collection continues to garner top rankings for genealogical research. The collection, which is the largest of any public library, is the second largest genealogy library in the world.

Starting in the mid-1980s a number of initiatives and projects have greatly influenced the way we serve our public. 1986 marked the kickoff of a library automation project that placed all of our circulation activity and substantially all of our card catalog holdings on an automated system. In late 1990 we began using the circulation side of the system with staff use of the catalog. In August 1991, we took that step that will forever change the relationship between our public and the Library's holdings when we opened for public use the Online Public Access Catalog (OPAC) giving patrons access to more than 3.5 million computer-stored information items by end of 2006. Now a patron in any of our 14 buildings could know the availability of any item in any other facility and have it delivered to the location of their choice. In April of 1992 we implemented dial-up access to the OPAC. Now from the comfort of home or office, or actually anywhere one can access the Internet, our worldwide patrons can search our catalog. In 1994 we established our own link with the Internet, and in 1995 we were an integral part of a cooperative effort to establish a Fort Wayne Area InfoNet. In October 1995 our first public access Internet workstations were installed at the Main Library and today over 800 workstations are available to the public for internet and other technology services throughout the library system. Finally, in 2006 we implemented wireless connectivity throughout our library system.

In 1989 we embarked on a capital improvement project that touched all of our fourteen

facilities and took nearly three years to complete. We expanded into two fast-growing parts of the district by building two new branches, Aboite and Dupont. At that point, these quickly became our second and third busiest branches. We demolished and replaced our Tecumseh branch, doubled the size of our New Haven branch, relocated our Woodburn branch and renovated to some extent every building in the system. Wheelchair accessibility was a significant provision in each renovation.

In 1996, we expanded the size of Dupont Branch (new in 1990) by approximately 50% and added online service capacity.

In 1997, a space planning study began with the goal of ensuring that the Allen County Public Library facilities have adequate space to serve our community at the highest standard of excellence for at least the next twenty years. By the end of the year 2000, substantially all of the initial studies and preliminary engineering investigations were completed with the goal being to replace six existing branches with new buildings, renovate and expand five other branches and the main library, add a new data center to house all systems and technical services functions, and make appropriate improvements at all other branches to ensure that they are designed and equipped to provide optimal service.

The plans for this multi-million dollar project were unveiled to the public in April of 2001. This was followed by 15 public open-house meetings throughout the county over the next 6 weeks to gather public opinion and input on the proposed project. After successfully completing the Indiana State petition process used for public debt issues, the first bonds were issued in December of 2001 in the amount of \$11,445,000. A second series of bonds in the amount of \$34,000,000 was issued in May of 2002 and a third series was issued in December of 2003 in the amount of \$12,480,000. The final series of bonds were issued in June of 2004 in the amount of \$31,470,000. Taking advantage of the favorable interest rate environment, in 2005 the Library refinance \$31,040,000 of 2002 first mortgage bonds which resulted in a net savings of over \$1.4 million in bond debt service payments to the taxpayers of Allen County.

After nearly ten years from start to finish, the grand opening ceremonies for Main Library were held in January 2007 and brought to a conclusion this multi-year expansion program that has dramatically enhanced the library facilities, as well as, the offerings and experiences for our patrons.

1992 marked the adoption of a five-year strategic plan for the Library. Many hours of staff work resulted in the adoption of a document that continues to guide the Library and is reviewed and revised at least annually. 2004 marked the completion of a 10 year capital expenditure plan designed to guide the purchase, replacement, and repairs of the various capital assets of the Library. This plan is also reviewed and updated annually to ensure that all information and expenditure amounts are current and able to be funded with available resources.

As knowledge and information continue to grow exponentially, and more information is stored in remote, decentralized databanks, the average citizen is in danger of being cut off

from many vital information sources. The Library is committed to giving our citizens access to knowledge and information in all forms, including sophisticated electronic media. In addition to its collection of over 4.3 million books, 1.8 million government documents, tens of thousands of magazines, sound recordings, books on tape, pamphlets, downloadable audio and e-books, and more, the Library now offers a host of electronic information products. Our goal is to ensure that all residents of Allen County have access to needed information resources regardless of his or her ability to pay.

In 2009, the Lincoln Financial Foundation gave the collection from the Lincoln Museum of Fort Wayne, valued at over \$20 million, to the State of Indiana. In turn, the State selected the Allen County Public Library for the two dimensional objects and the Indiana State Museum for the three dimensional objects. The research collection, entitled the "Lincoln Collection in Indiana", is now housed at the Allen County Public Library. The collection is considered an incomparable repository and resource for information on the life and legacy of Abraham Lincoln and is extensively used by authors, scholars, TV producers, educators, students, Lincoln enthusiasts, and the general public. In addition, the more than twenty thousand books and pamphlets, thousands of photographs, the extensive genealogical collections on the Hanks and Lincoln families, and other Lincoln-related documents, including many written or signed by Lincoln, are being digitized. While this digitization project will take a number of years to complete, many items have already been made available for on-line access.

Financial Information

Internal Controls. The management of the Library is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Library are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. Budgetary controls are maintained in accordance with state statutes that require that funds be first appropriated before being expended. These controls relate to funds that receive tax revenue, currently the General Operating Fund, the Debt Service Fund, and Library Improvement Revolving Fund (LIRF), and the Rainy Day Fund. When there are capital projects funds, those are budgeted on a project-length basis rather than an annual basis. The Library Board has the authority to transfer appropriations between major categories, or between lines within major categories, in the budget without seeking the approval of the Department of Local Government Finance (formerly the State Board of Tax Commissioners). In the event additional appropriations are needed during the year, and the Library can demonstrate there are funds available to support additional appropriations, the Library can apply to the Department of Local Government Finance for additional appropriations. The annual budgetary process as prescribed by Indiana law is as follows: Management prepares a budget resolution for action by the Board of Trustees

in August. The budget is legally advertised and a public hearing is held in mid-September. The Board approves the budget in late October and it is then submitted to the Department of Local Government Finance who subsequently holds a final budget hearing between November and the end of year. The final budget order is then issued by February 15. As mentioned previously, only if a requested budget exceeds the allowable State determined growth factor in property taxes over the previous year does this process then incorporate a review and approval by the Allen County Council which serves as the county fiscal body to the library.

Revenues. Libraries are heavily dependent on tax revenue. User fees, mainly from overdue fines, photocopying, and other miscellaneous revenues cannot be realistically expected to significantly reduce the tax dependency. The Library receives funding from auto and commercial vehicle excise taxes that are distributed based on the Library's portion of property tax levy relative to other local units. However, property taxes are the main funding source for the Library representing approximately 79% of the total revenue budget. The Library has been under the effect of state-imposed property tax control mechanisms since 1973. Until 2002, the operative control was a standard five percent maximum increase on the property tax levy. However, in 2002, the Indiana General Assembly changed the maximum levy increase calculation to be based upon the 6-year average growth in state-wide non-farm personal income. While the legislature did include provisions allowing taxing entities in higher than average growth areas to apply for a special levy appeal, the effect of this change causes the of maximum amount of property tax levy an entity can collect to fluctuate with the economic conditions of the state. In 2007 the General Assembly passed legislation, which subsequently became an amendment to the Indiana Constitution in 2010, placing further restrictions on property tax collections by incorporating caps on the total amount of property tax that can be collected from property owners based on a percentage of their assessed property values. As mentioned in the Economic Conditions section, the recession has caused a significant decrease in the assessed values of real property in the library taxing district. The result is that as property values decrease, the caps on how much tax can be collected become more and more significant. The amount of uncollectible property tax revenue due to the caps was approximately \$1.6 million in 2010. That figure is currently estimated to rise to approximately \$2.3 million in 2011 and then to \$2.4 million in 2012. While the Library has taken adequate steps to ensure a balanced budget for the upcoming years, until property values start to rebound, the effects of these caps will continue to restrict the programs and services delivered.

The Common Council of the City of Fort Wayne controls county income taxes because the City has more than half of the total population of Allen County. The County Option Income Tax (COIT) started at 0.2% of income in 1990. The rate is now capped at 0.6%. The revenue from this tax has played a significant role in providing the Library with additional funds to meet our increasing service demands. The County Economic Development Income Tax (CEDIT) went into effect for 1994, however, the Library receives nothing from CEDIT as only the County unit and the Cities and Towns share it.

Fund Balances. Because property tax revenues are received late in each six-month period

while expenditures are spread more evenly over the period, it is usually necessary for entities to enter the short-term debt market in order to pay for current operating expenditures. However, the policy of the Library is to keep the combined fund balances of the General and Library Improvement Reserve (LIRF) funds equivalent to approximately 160 days of its expenditures. This balance, combined with other miscellaneous revenue receipts and good cash and investment management practices, has allowed the library to avoid any short-term cash flow borrowings for a number of years.

The fund balance in the Debt Service fund at December 31st is adequate to service the payments that are due in January. Tax receipts during the first six months of the year are expected to be adequate to cover the July debt payments. The fund balance in the special revenue funds are related to the Cable Access Television fund, the Gift fund, the Rainy Day fund, and the Levy Excess fund. The fund balance in the Capital Projects fund represents the Library Improvement Reserve Fund (LIRF). The nature of the LIRF fund is that it serves as a reserve for expenditures of a capital nature not provided for in the general fund. In addition, because recent changes in State legislation makes the issuance of debt more difficult for taxing entities, future construction will likely use advance funding within LIRF rather than bonding. Because there is no authority in state statute for a separate tax levy for this fund, the Library can only increase this fund by transferring money from the General fund.

Pensions. The Library does not manage any pension trust funds. Library employees participate in a statewide Public Employees Retirement Fund (PERF). Employees contribute three percent of gross wages and the Library contributes an actuarially determined amount (8.25% for 2010). Under state law, a governmental unit may choose to pay the employee portion, and the Library has elected to pay that portion. Both the employee and employer contributions are remitted to PERF quarterly.

Debt Administration. At December 31, 2010 the Library had three debt issues outstanding, all of which are related to the 2000+ Capital Improvement Project. Originally there were four bond issues with the first being \$11,445,000 in General Obligation bonds which was issued in December of 2001. This bond issue was paid off in early 2009. The second, third, and fourth issues are First Mortgage bonds issued in December of 2003 for \$12,480,000, June of 2004 for \$31,470,000, and June of 2005 for \$31,040,000 respectively. The June 2005 issue was actually a refinancing of First Mortgage bonds originally issued in May of 2002 for \$34,000,000 and was done to take advantage of favorable interest rate environments. The annual lease rental payments for these issues range from \$602,000 to \$6.6 million.

Under state statute, the limitation on general obligation debt for the Library is two percent of the net adjusted assessed valuation, or approximately eighty-seven million dollars. There are no limits on first mortgage instruments other than the value of the buildings and other collateral used to guarantee the issues. The twice-yearly payments on these issues are funded through a Debt Service fund supported by local taxes.

Cash Management. The Library's temporarily idle cash is invested in certificates of deposit,

demand deposits, high dollar money market accounts, repurchase agreements, and obligations of the U.S. Treasury. The objective is to maximize the return by not allowing excess cash to be placed in an unproductive instrument. State statute limits the types of investment vehicles, which can be used and disallows investment in equity instruments. This statute effectively minimizes risk.

Investment Management. The above mentioned statute does not apply to the Allen County Public Library Foundation (a component unit). Three separate professional investment managers, in accordance with the investment policy of the Foundation, oversee significant portions of the Foundation assets.

Risk Management. The Library has various bonds and insurance policies in force. These are reviewed periodically by an independent insurance consultant. The Library handles unemployment compensation claims through a reimbursement for claims made program with the state. These claims have not been significant in recent years. The Library participates in a statewide plan for workers compensation insurance and carries insurance policies for property, liability, employee dishonesty, and officers and directors insurance.

Please refer to the Management Discussion and Analysis for further information about various aspects of the Library's financial activities for 2010 including analysis of assets, revenues, expenditures, capital projects, and debt administration. In addition, the notes to the financial statements, which follow the combined financial statements, contain additional information and are an integral part of the statements.

Other Information

Independent Audit. The Library is audited annually by the Indiana State Board of Accounts. Their report is included in the financial section of this report. The Allen County Public Library Foundation (a discrete component unit) is audited by the accounting firm of Dulin, Ward, & DeWald, Inc. The State Board of Accounts relied on the work of the other auditors in issuing their opinion.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Allen County Public Library for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This is the eighteenth consecutive year that the Allen County Public Library has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement

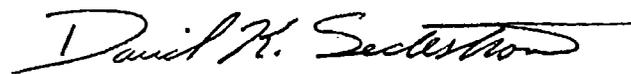
program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the staff of the financial services department and several other members of the ACPL staff. Each of these persons has our sincere appreciation for the contributions made in the preparation and publication of the report.

We would also like to thank the staff of the State Board of Accounts for their assistance in the preparation of the financial section of this report in a timely manner.

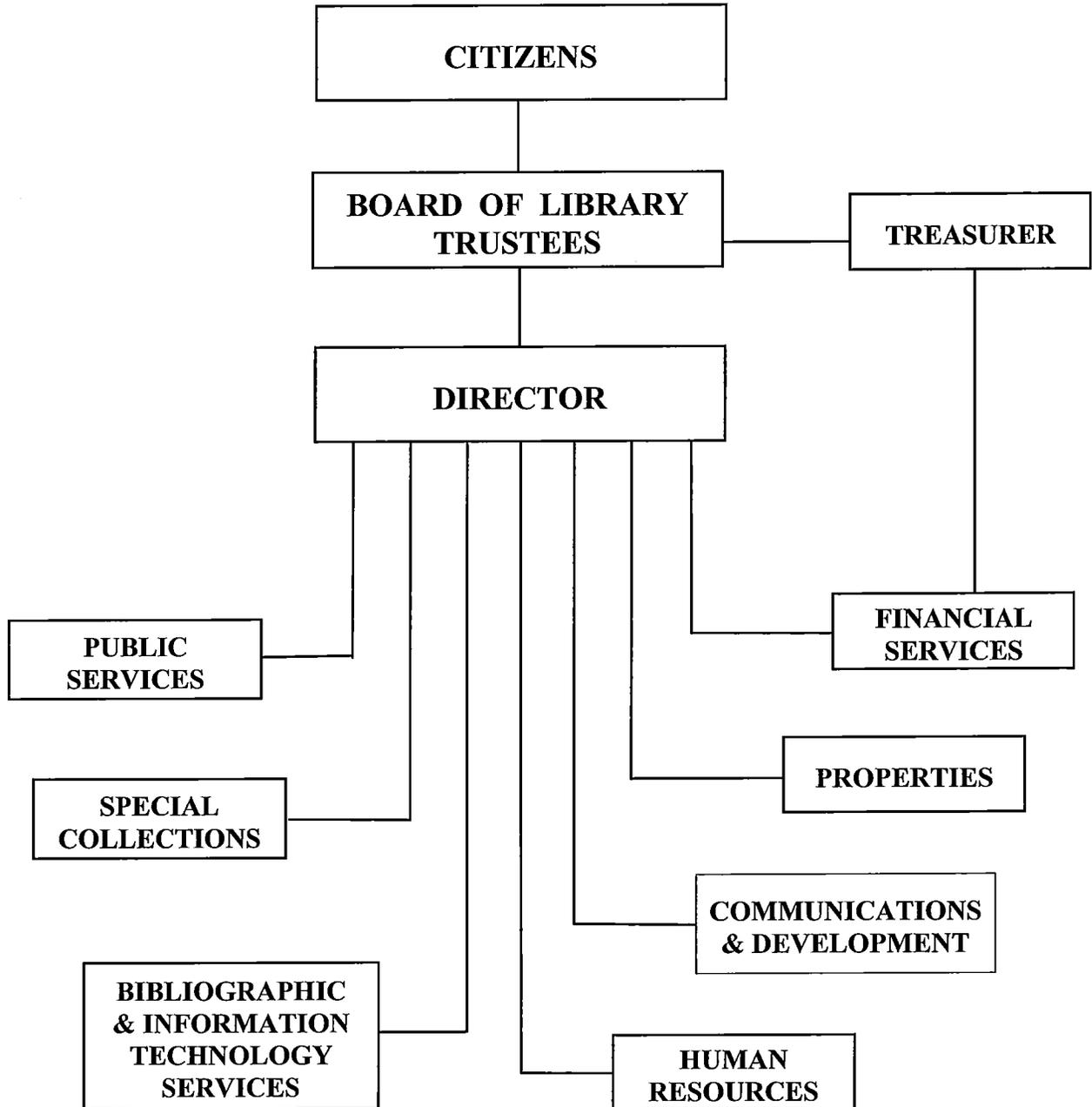
Special thanks are extended to Jeffrey R. Krull, Director of the Library and to the Board of Library Trustees for their support and encouragement.

Sincerely,

A handwritten signature in cursive script that reads "David K. Sedestrom". The signature is written in black ink and is positioned above the printed name and title.

David K. Sedestrom
Treasurer/Financial Services Manager

**ALLEN COUNTY PUBLIC LIBRARY
Organizational Chart**



ALLEN COUNTY PUBLIC LIBRARY

Board of Library Trustees December 31, 2010

	TERM EXPIRES
<i>President</i> John P. Gerni	December 31, 2012
<i>Vice-President</i> Gene G. Hoemig	December 31, 2013
<i>Secretary</i> Alan McMahan	December 31, 2011
Member Maye L. Johnson	December 31, 2012
Member Gloria Shamanoff	December 31, 2013
Member Paul G. Moss	December 31, 2014
Member Martin E. Seifert	December 31, 2014

Administrative Staff

Jeffrey R. Krull	<i>Director</i>
David K. Sedestrom	<i>Financial Manager and Treasurer</i>
Michael B. Clegg	<i>Public Services Manager</i>
Cheryl L. Ferverda	<i>Communications and Development Manager</i>
Sean Robinson	<i>Bibliographic and Information Technology Services Manager</i>
James L. Gumbel	<i>Properties Manager</i>
Peter J. Ford	<i>Human Resources Manager</i>
Curt B. Witcher	<i>Special Collections Manager</i>

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Allen County Public Library
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Allen County Public Library (Library), a component unit of Allen County, as of and for the year ended December 31, 2010, which collectively comprise the Library's financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Allen County Public Library Foundation, which represent 100% of the assets and revenues of the discrete component unit. These financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for the Allen County Public Library Foundation, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Library as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedule of Funding Progress and Budgetary Comparison Schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

June 2, 2011

STATE BOARD OF ACCOUNTS

State Board of Accounts

Management's Discussion and Analysis

As management of the Allen County Public Library (the Library), we offer the following discussion as insight into the financial performance of the Library for the fiscal year ended December 31, 2010. To gain a fair understanding of the Library's financial position, this discussion and analysis should be read in conjunction with our letter of transmittal, the basic financial statements, and the notes to the basic financial statements.

Financial Highlights

- The assets of the Library exceeded its liabilities at the end of 2010 by \$46.4 million, virtually unchanged from 2009's \$46.3 million amount. This was made up of \$10.6 million in restricted assets, \$6.7 million of unrestricted assets, and \$29.1 million of capital asset net of related debt. The restricted asset amounts are primarily \$6.1 million designated for debt service on the bonds issued to fund an \$84 million capital expansion (completed in 2007) and \$4.3 million in the Library Improvement Reserve Fund (LIRF) which is used to ensure the proper upkeep and maintenance of all library facilities. The unrestricted assets are used to support the Library's day-to-day operations.
- At the end of 2010, the Library's governmental funds reported a combined ending fund balance of \$17.3 million, an \$839,000 decrease over 2009's balance of \$18.1 million. Part of this decrease was a \$1 million increase in General Fund assets being offset by a \$1.3 million increase in liabilities. The increase in assets was due to cost saving measures increasing cash while the liability increase was due to the inclusion of a \$1.6 million deferred revenue adjustment for the overpayment of income taxes by the State of Indiana. The Debt Service fund balances decreased \$366k as the State legislatively enacted property tax caps took full effect in 2010 and resulted in lower overall property tax collections. Finally, the Library Reserve Improvement Fund balance decreased by \$365k as capital expenditure exceeded the revenues transferred in from the General fund.
- Of the \$17.3 million dollar fund balance in the governmental funds, \$6.1 million is attributable to the debt service funds used on the outstanding expansion program bonds and another \$5.8 million is attributable to the General Fund. The Library Improvement Reserve Fund (LIRF) balance represents \$4.2 million of the total while the Other Non-Major Governmental Funds (predominantly the Rainy Day Fund) accounts for the remaining \$1.2 million.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Library's basic financial statements which are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements this Comprehensive Annual Financial Report (CAFR) includes other supplementary information along with a statistical section.

Government-wide financial statements. The government-wide financial statements present the financial picture of the Library from the economic resources measurement focus using the accrual basis of accounting, in a manner similar to private-sector businesses. The government-wide financial statements are composed of two statements: the statement of net assets and the statement of activities.

The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will show the fluctuation in the Library's financial position.

The statement of activities presents information on all of the Library's revenues and expenses, showing how the government's general expenses less the program revenues equal net expenses for the most recent fiscal year. General revenues are then subtracted from net expenses to get the change in net assets. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In many governmental entities, both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). In the case of the Library, all of the functions are considered governmental activities and include Public Services, Administration, and Interest on long-term debt.

The government-wide financial statements include not only the Library itself (primary government) but also a legally separate unit, the Allen County Public Library Foundation, for which the Library is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The financial statements for this component unit can be found in their entirety on file in the Library Financial Manager's office at 900 Library Plaza, PO Box 2270, Fort Wayne, Indiana 46801. The Allen County Public Library Building Corporation is legally separate from the Library, but since its nature and relationship with the Library is significant, it is an integral part of the primary government. The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, with its related liabilities, and corresponding equity balances. Some funds are required to be established by State Law and by bond covenants, while others are adopted to help control monies set aside for a specific purpose. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Library can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for most of the Library's basic services. These funds generally do not provide enough revenue to completely cover their expenses; therefore, they need taxes, fees, interest or any other intergovernmental revenue to help support them. These funds use the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund financial statements focus on near-term inflows and outflows of unrestricted resources, as well as on balances of unrestricted resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement. The basic governmental fund financial statements can be found on pages 15-18 of this report.

Fiduciary funds. Fiduciary funds are funds held by a governmental unit as an agent or a trustee. They are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Library's own programs. The Library holds one type of fiduciary fund, referred to as an agency fund, which is used to account for monies held by the Library for an external party. The Library uses the agency fund to report the transactions of the Private Purpose Trust Fund. The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements. The notes are a required part of the basic financial statements that provide necessary information for the understanding of the Library's financial report. The notes to the financial statements can be found on pages 22-35 of this report.

Other information. The Library is also required to provide more detailed information about certain issues disclosed in required supplementary information (RSI) schedules. The Library's RSI schedules include the Budgetary Comparison Schedule for the General Fund and the Schedule of Funding Progress as well as notes to the RSI. The combining financial statements for the non-major governmental and non-major special revenue funds are found immediately following the RSI schedules and notes to the RSI listed above. The RSI schedules can be found on pages 38-40 of this report.

**Allen County Public Library
Net Assets**

	Governmental Activities		Component Unit	
	2010	2009	2010	2009
Current and other assets	\$ 22,211,551	\$ 22,027,530	\$ 7,409,866	\$ 5,890,102
Capital assets	86,696,694	89,230,471	-	-
Total assets	108,908,245	111,258,001	7,409,866	5,890,102
Long-term liabilities outstanding	55,999,741	58,310,379	-	-
Other liabilities	6,481,363	6,660,604	37,887	38,240
Total liabilities	62,481,104	64,970,983	37,887	38,240
Net assets	\$ 46,427,141	\$ 46,287,018	\$ 7,371,979	\$ 5,851,862
Invested in capital assets net of related debt	\$ 29,091,130	\$ 27,796,150	\$ -	\$ -
Restricted	10,593,116	11,247,877	3,389,977	2,204,010
Unrestricted	6,742,895	7,242,991	3,982,002	3,647,852
Total net assets	\$ 46,427,141	\$ 46,287,018	\$ 7,371,979	\$ 5,851,862

Government-wide Financial Analysis

The Library's (primary government) assets exceeded liabilities by \$46.4 million at the close of 2010, a slight increase over 2009's figure of \$46.3, which continues to provide a solid equity base to build upon. The Library's 2010 net assets were virtually unchanged from 2009 showing an overall increase of \$140,123. Capital assets decreased by \$2.5 million, primarily as the result of depreciation charges. Total liabilities showed an overall decrease of \$2.5 million, the bulk of which was the result of the \$2.3 million decrease in long-term liabilities. This was the result of \$3.9 million of scheduled debt issue payments being offset by a \$1.6 million increase in deferred revenue to record the overpayment of income taxes by the State of Indiana. This overpayment, which occurred statewide, will be repaid through withholdings on current and future distributions of income taxes. Current assets increased slightly by \$184,021 from cash and cash equivalents increasing by \$1.3 million while receivables decreased by \$1 million. Changes in other assets, such as prepaid expenses and deferred debits account for the other portion of the increase.

From a Government-wide statements perspective, the assets of the Library are divided between cash/other current assets and capital assets. The cash/other current assets of the Library increased slightly by \$184,021 over 2009 due to the items mentioned in the above paragraph. Of the \$21.6 million in total assets of the governmental funds, \$9.6 million (44%) reflects the current assets of the General Fund (unreserved funds of \$5.6 million), \$4.2 million (20%) reflects the current assets of the Library Improvement Reserve Fund (LIRF) (unreserved funds of \$4.2 million), \$6.5 million (30%) represent the amounts relating to the debt service on the capital

expansion and renovation program bonds, and the remaining \$1.3 million (6%) are the current assets in the Other Non-Major Governmental Funds (primarily the Rainy Day fund).

The \$86.7 million in capital assets (\$29.1 million when netted against related debt) of the Library represents land, buildings and improvements, machinery and equipment, and the library material collection. These assets are designated as invested in capital assets because they are used to provide the everyday services the patrons of the Library expect and are not liquid assets that are available for future spending. Capital assets decreased by \$2.5 million in 2010 as \$3.5 million in Library Material and equipment purchases were offset by \$6.2 million increases in depreciation on these and other capitalized assets such as buildings and equipment.

Liabilities for the library equaled \$62.5 million at the end of 2010 of which approximately 90% of them are classified as long-term. These liabilities decreased by \$2.3 million from 2009 due to \$3.9 million in scheduled payments on existing bond issues relating to the expansion program being offset by the recoding of a \$1.6 million deferred revenue charge to account for the overpayment of income taxes by the State of Indiana. These along with slight changes in compensated absences and pension obligations account for the total change in long-term liabilities.

When examining the Library's net assets (total assets less total liabilities), the investment in capital assets must reflect the investment less any debt used to acquire these assets that is still outstanding. The debt associated with these capital assets must be paid from sources other than the capital assets themselves because, as stated before, they cannot be used as a liquid asset. At the end of 2010, the investment in capital assets net of related debt amounted to \$29.1 million, an increase of \$1.3 million. This increase is due to the reductions in the debt associated with these assets being greater than the reductions in the values of the assets themselves via depreciation.

The remaining net assets of the Library are designated as either restricted or unrestricted. The \$10.6 million in restricted assets are subject to external limitations and cannot be spent on everyday operations. The unrestricted portion, \$6.7 million, may be used by the Library for normal operations of providing services to the patrons.

The Library's component unit showed assets exceeding liabilities by \$7.4 million at the end of 2010. These net assets (total assets less total liabilities) reflect the cash and investments held by the Allen County Public Library Foundation (ACPLF) and are used to help support various programs and collections of the Library. The ACPLF has no capital assets or outstanding debt.

**Allen County Public Library
Changes in Net Assets**

	Governmental Activities		Component Unit	
	2010	2009	2010	2009
Revenues				
Program Revenues				
Charges for services	\$ 779,467	\$ 846,423	\$ -	\$ -
Operating grants and contributions	376,360	84,457	2,305,947	1,790,167
General Revenues				
Property taxes	22,414,272	23,647,587	-	-
County Option income Tax	1,926,773	2,145,079	-	-
Shared Revenue	2,124,060	4,080,089	-	-
Interest on investments	27,597	29,959	-	-
Other	717,902	374,354	-	-
Total Revenues	28,366,431	31,207,948	2,305,947	1,790,167

Expenses				
Administration and support	4,774,663	4,738,584	-	-
Public services	20,727,861	20,787,052	-	-
Interest on long-term debt	2,723,784	2,898,314	-	-
ACPLF	-	-	785,830	1,448,966
Total Expenses	28,226,308	28,423,950	785,830	1,448,966
Increase/(Decrease) in net assets	140,123	2,783,998	1,520,117	341,201
Net Assets—January 1, 2008	46,287,018	43,503,020	5,851,862	5,510,661
Net Assets--December 31, 2008	<u>\$ 46,427,141</u>	<u>\$ 46,287,018</u>	<u>\$ 7,371,979</u>	<u>\$ 5,851,862</u>

Governmental Activities. The main source of funding for Library operations continues to be the various taxes that account for over 97.2% of the \$27.2 million in general revenues with property taxes being the primary tax source. Total revenues for governmental activities decreased by \$2.8 million (8.9%) in 2010 with decreased total tax collections of \$3.4 million accounting for the majority of the loss. As has been discussed in prior years' Management Discussion and Analysis, during the 2007 Indiana State Legislative session, certain property tax reforms were passed that incorporated caps on the total amount of property tax that can be collected from property owners based on a percentage of their assessed property values and the classification of the property. For 2010 that percentage reached the final cap percentage of between 1% and 3%, depending on the class of property. During 2010, even with a slight offset for normal levy growth, the result of these cap reductions was a decrease in property tax collection of over \$1.2 million (5.2%). The poor economy resulted in income tax distributions being down approximately \$600,000 (14%) from 2009. This, combined with the need to post a \$1.6 million adjustment, decreased total income taxes by \$2.2 million from 2009. As mentioned before, this adjustment was due to the determination that there had been a state-wide over distribution of income tax revenue for the past 2-3 years and that those overpaid amounts would be recaptured through reductions of current and future distributions. As revenues from tax sources declined, the Library was able to acquire additional grant and other miscellaneous resources to help support programs and operations. These increases and the slight decreases in interest earnings and charges for services accounts for the remainder of the change in total revenues.

Expenses for governmental activities were relatively flat for 2010 showing a decrease of \$197,642 (.7%). Public Service expenses and Administrative/Support expenses stayed virtually the same as 2009 while Interest on long-term debt accounted for \$174,530 of the total decrease.

Financial Analysis of the Government's Funds

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The Library's fund financial statements use modified accrual accounting providing information on near-term inflows, outflows, and balances of available resources. This provides the reader with useful information regarding the Library's financial position. The unreserved fund balance of the Library's governmental funds provides good insight into its ability to meet current obligations as well as meet the Library's ongoing service needs.

At the end of 2010, the Library's governmental funds reported combined ending fund balances of \$17.3 million, a decrease of \$839,376 from 2009's \$18.1 million figure. As with the past few years, the largest portion, \$6.1 million (35%), of Library's governmental fund balance total is attributable to the debt service on the outstanding expansion program bonds. The fund balance of the Library General Fund accounts for \$5.8 million (34%) of the total while the Library

Improvement Reserve Fund (LIRF) fund balance of \$4.2 million accounts for 24%. The remaining \$1.2 million (7%) of the total fund balance is attributable to the Other Non-Major Governmental Funds (primarily the Rainy Day fund), which in 2010 continue to include only non-major special revenue funds.

As a measure of the major funds' liquidity, you can compare the total fund balance to the total fund expenditures. The General fund expenditures for fiscal year ended 2010 were \$21.3 million. Thus, the total fund balance represents 27% percent of General fund expenditures, a decrease of 1% from 2009. When examining both the General and LIRF fund, the fund balances represents 45% (2009 equaled 47%) of the total expenditures of the two funds. Available fund balances in both of these funds allows the Library to meet all of the cash flow requirements of the organization without having to utilize short-term borrowing instruments, such as tax anticipation warrants, required by many other entities that rely heavily on property taxes as a primary revenue source. The combined fund balance of the two funds responsible for paying the debt service on the capital expansion bonds, the Bond and Interest Redemption fund and the ACPL Bldg Corp Certificate fund balance decreased \$365,679 or 5.6% reflecting the decreased tax collections (primarily from the property tax caps discussed before) and the subsequent need to use reserves to meet mandated debt service payments.

General Fund Budgetary Highlights

There were no changes between the originally approved and final amended total revenue budget of the General Fund. Actual collections of revenues were lower than budgeted in 2010 by \$3.1 million or 12.4%. Decreases in tax collections, more specifically decreases in property tax collections resulting from the impact of the property tax cap legislation passed in 2007, accounted for \$1.3 million of this decrease. The variance in intergovernmental revenues, specifically Income Tax revenue totaled \$1.7 million. As discussed in the prior section, this decrease was due to the adjustment for the over distributed amounts of income tax by the State and the need to book the revenue reduction to reflect the liability. Charges for Services, primarily reflecting user fines and fees, came in \$116k lower than anticipated as the poor economy made patrons more diligent about avoiding overdue fees and using pay-for-use services less. Increased grants and other support funds along with other miscellaneous variances accounted for Other Revenues being \$56k higher than budgeted.

The total final amended General Fund expenditure budget (not including Other Financing Sources/Uses – Transfers Out), while being higher by \$64,402, was virtually unchanged from the original adopted \$22,553,610 budget. Some minor transfers were made between budget lines to accommodate different spending patterns for the year. Personal Services showed a decrease of \$10k, while Supplies increase by \$52,731 due to increased expenditures relating to grant supported programs. Increases of \$14,833 to the Services lines and \$6,838 to the Capital Outlays budgets were necessary to cover fluctuations in spending and account for the remaining variance.

Expenditure budgets came in \$1,341,636 (5.9%) lower than anticipated. As has been discussed in previous sections, the impact of the property tax cap legislation has reached the full effect in 2010. The library has been aggressively containing costs across the board in anticipation of these impacts for the past few years and as such, the final actual expenditures in all budget categories reflect these measures. The library's objective has been to lower actual expenditures to a level necessary to meet this decrease and, to that end, the reduced actual spending reflects this action. \$820,562 of these savings resulted from position vacancies causing expenditures in Personal Services to be less than budgeted. The \$48,521 and \$213,845 variances in the Supplies and Other Services lines, respectively, reflect the spending reductions in programming supplies, miscellaneous maintenance and computer services, as well as, utility cost reductions. The Capital outlays variance of \$258,708 reflects reductions in the overall library material purchases.

Capital Asset and Debt Administration

Capital assets. The Library's Primary Government's capital assets as of December 31, 2010, were equal to \$114.2 million with an accumulated depreciation figure of \$27.5 million for a net book value of \$86.7 million. Capital assets include land, buildings and improvements, machinery and equipment, construction in progress, and library materials. Also included in the capital assets is the Library's rare book collection that is considered a non-depreciating asset. The total decrease in the Library's capital assets for 2010 was \$2.5 million (2.8%), attributable to increases in library materials and other assets of \$3.5 million being offset by increases in depreciation expense on these assets of \$6.2 million.

Allen County Public Library Capital Assets

	2010	2009
Land	\$ 4,960,142	\$ 4,960,142
Buildings and improvements	91,102,956	91,102,956
Machinery and equipment	6,543,159	6,552,735
Library materials	10,647,577	10,805,406
Rare book collection	994,827	994,827
Less: Accumulated depreciation	(27,551,967)	(25,185,595)
Total	\$ 86,696,694	\$ 89,230,471

Additional information regarding the Library's capital assets can be found on page 30 of this report.

Long-term debt. At the end of 2010 the Library's Primary Government had total bonded debt outstanding of \$57,090,000. All of this debt is now considered first mortgage bonds as the final payment on the General Obligation portion of this debt was paid off in early 2009. The Library is responsible to pay for this debt with general revenues. In 2010, the Library's net total debt decreased by \$3,762,017 which was the result of reductions in existing bond issues totaling \$3,735,000 from scheduled bond debt service payments and a net decrease to Compensated Absences of \$27,017.

Allen County Public Library Long-Term Debt

	2010	2009
First mortgage bonds	\$ 57,090,000	\$ 60,825,000
Compensated absences	706,252	733,269
Total	\$ 57,796,252	\$ 61,558,269

The Allen County Public Library and the associated Allen County Public Library Building Corporation currently maintains an Aa3 rating from Moody's for both general obligation debt and first mortgage debt.

Additional information on the Library's long-term debt can be found on pages 31-33 of this report.

Economic Factors and Subsequent Year's Budgets and Rates

- While signs of improvement continued throughout most of 2010, Allen County continues to experience many of the effects of the economic recession that began in 2007. The unemployment rate for Allen County in December 2010 dropped to 9.4% from the 10.2% in 2009. The Allen County unemployment rate was still slightly higher than the State rate as a whole which had a December 2010 unemployment rate of 9.2%. Both the Indiana State and Allen County unemployment rates were higher than the U.S. rate of 9.1%. Continued unemployment for the region, along with the resulting reductions in income tax collections, are anticipated to last throughout 2011.
- As mentioned in prior year reports and in earlier sections of this report, during the 2007 Indiana State Legislative session, certain property tax reforms were passed that incorporated caps on the total amount of property tax that can be collected from property owners based on a percentage of their assessed property values. For 2010 and subsequent years, the maximum amount of property tax that can be collected from all taxing entities is equal to 1% of the assessed value. Consequently, since the beginning of 2008 (and continuing through 2010) the library has been making concerted efforts of examining and taking action to reduce operating costs, especially in the areas of salaries and benefits, in order to meet the projected losses in property tax collections. The 2011 General Fund budget has been developed with these revenue losses and cost reductions in place and the library anticipates that the final approved property tax levy and rate will increase no greater than those permissible under current State regulations.

These factors along with others were considered when preparing the Library's budget for the 2011 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Library's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Library's Chief Financial Officer, 900 Library Plaza, P.O. Box 2270 Fort Wayne, Indiana, 46801-2270.

BASIC FINANCIAL STATEMENTS



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ALLEN COUNTY PUBLIC LIBRARY
STATEMENT OF NET ASSETS
December 31, 2010

<u>Assets</u>	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Cash and cash equivalents	\$ 20,105,420	\$ 1,475,130
Investments	-	5,868,205
Receivables (net of allowances for uncollectibles):		
Interest	-	19,092
Taxes	1,410,868	-
Accounts Intergovernmental	-	37,500
Other	126,896	-
Prepaid expenses	115,397	9,939
Deferred debits	452,970	-
Capital assets:		
Land and rare books	5,954,969	-
Other capital assets, net of depreciation	80,741,725	-
Total assets	<u>108,908,245</u>	<u>7,409,866</u>
 <u>Liabilities</u>		
Accounts payable	544,166	30,940
Accrued payroll and withholdings payable	640,158	6,947
Accrued interest payable	1,264,330	-
Noncurrent Liabilities:		
Due within one year:		
First mortgage bonds	3,915,000	-
Compensated absences	117,709	-
Due in more than one year:		
First mortgage bonds payable (net of premium and deferral of loss on refunding)	53,690,564	-
Compensated absences	588,563	-
Net pension obligation	70,966	-
Deferred revenue - unearned	1,649,648	-
Total liabilities	<u>62,481,104</u>	<u>37,887</u>
 <u>Net assets</u>		
Invested in capital assets, net of related debt	29,091,130	-
Restricted for:		
Capital projects	4,252,319	-
Debt service	6,116,575	-
Other purposes	224,222	3,389,977
Unrestricted	6,742,895	3,982,002
Total net assets	<u>\$ 46,427,141</u>	<u>\$ 7,371,979</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary	
				Governmental Activities	Component Unit
Primary government:					
Governmental activities:					
Administrative and support	\$ 4,774,663	\$ -	-	(4,774,663)	\$ -
Public services	20,727,861	779,467	376,360	(19,572,034)	-
Interest on long-term debt	2,723,784	-	-	(2,723,784)	-
Total governmental activities	\$ 28,226,308	\$ 779,467	\$ 376,360	(27,070,481)	-
Component unit:					
Allen County Public Library Foundation	\$ 785,830	\$ -	\$ 2,305,947	-	1,520,117
General revenues:					
Property taxes				22,414,272	-
Shared revenue				2,124,060	-
County Option Income Tax				1,926,773	-
Interest on investments				27,597	-
Other				717,902	-
Total general revenues				27,210,604	-
Change in net assets				140,123	1,520,117
Net assets - beginning				46,287,018	5,851,862
Net assets - ending				\$ 46,427,141	\$ 7,371,979

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

Assets	General	Bond and Interest Redemption	LIRF	ACPL Bldg Corp Certificate	Other Non-major Governmental Funds	Totals
Cash and cash equivalents	\$ 8,578,778	\$ 2,711,403	\$ 4,260,453	\$ 3,405,172	\$ 1,149,614	\$ 20,105,420
Receivables (net of allowances for uncollectibles):						
Taxes	1,052,684	358,184	-	-	-	1,410,868
Intergovernmental	-	-	-	-	126,896	126,896
Other	-	-	-	-	-	-
Total assets	\$ 9,631,462	\$ 3,069,587	\$ 4,260,453	\$ 3,405,172	\$ 1,276,510	\$ 21,643,184
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 535,822	\$ -	\$ 8,134	\$ -	\$ 210	\$ 544,166
Accrued payroll and withholdings payable	640,158	-	-	-	-	640,158
Deferred revenue - unavailable	1,052,684	358,184	-	-	118,646	1,529,514
Deferred revenue - unearned	1,649,648	-	-	-	-	1,649,648
Total liabilities	3,878,312	358,184	8,134	-	118,856	4,363,486
Fund balances:						
Reserved for:						
Encumbrances	105,608	-	2,598	-	-	108,206
Unreserved, reported in:						
General fund	5,647,542	-	-	-	-	5,647,542
Special revenue funds	-	-	-	-	1,157,654	1,157,654
Capital projects funds	-	-	4,249,721	-	-	4,249,721
Debt service funds	-	2,711,403	-	3,405,172	-	6,116,575
Total fund balances	5,753,150	2,711,403	4,252,319	3,405,172	1,157,654	17,279,698
Total liabilities and fund balances	\$ 9,631,462	\$ 3,069,587	\$ 4,260,453	\$ 3,405,172	\$ 1,276,510	\$ 21,643,184

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2010

Total fund balances for governmental funds		\$ 17,279,698
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p> <p>Those assets consist of :</p>		
Land		4,960,142
Rare book collection		994,827
Buildings, net of \$17,506,187 accumulated depreciation		72,961,897
Improvements other than buildings, net of \$151,134 accumulated depreciation		483,738
Machinery and equipment, net of \$6,176,672 accumulated depreciation		366,487
Library materials, net of \$3,717,974 accumulated depreciation		<u>6,929,603</u>
Total capital assets		86,696,694
<p>Some of the Library's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.</p>		
		1,529,514
<p>Some expenses were deferred as assets in the statement of net assets and therefore were not reported in the statement of activities, but were reported as expenditures in the governmental funds.</p>		
		115,397
<p>A net pension obligation is not accrued in the governmental funds, but rather is recognized as an expenditure when paid.</p>		
		(70,966)
<p>Bond issue costs associated with new debt issues are reported as expenditures in year of issue, whereas bond issue costs are deferred in the statement of net assets. Deferred bond issuance costs are amortized over the life of the debt issued.</p>		
		452,970
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p> <p>Balances at December 31, 2010, consisted of :</p>		
First mortgage bonds payable net of premium and deferral of loss on refunding		(57,605,564)
Compensated absences		<u>(706,272)</u>
Total long-term liabilities		(58,311,836)
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
		<u>(1,264,330)</u>
Total net assets of governmental activities		<u>\$ 46,427,141</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010

	General	Bond and Interest Redemption	LIRF	ACPL Bldg Corp Certificate	Other Non-major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 18,431,237	\$ 6,272,036	-	-	\$ 69,371	\$ 24,772,644
Intergovernmental	1,926,772	-	-	-	486,165	2,412,937
Charges for services	779,467	-	-	-	-	779,467
Other	677,760	-	-	-	14,935	692,695
Total revenues	<u>21,815,236</u>	<u>6,272,036</u>	<u>-</u>	<u>-</u>	<u>570,471</u>	<u>28,657,743</u>
Expenditures:						
Current:						
Administration and support	4,624,700	-	-	-	-	4,624,700
Public services	13,148,546	-	-	-	399,861	13,548,407
Library materials	3,426,587	-	-	-	220	3,426,807
Capital outlay	76,543	-	1,164,751	-	18,196	1,259,490
Debt service:						
Principal	-	-	-	3,735,000	-	3,735,000
Interest	-	-	-	2,902,715	-	2,902,715
Total expenditures	<u>21,276,376</u>	<u>-</u>	<u>1,164,751</u>	<u>6,637,715</u>	<u>418,277</u>	<u>29,497,119</u>
Excess (deficiency) of revenues over (under) expenditures	<u>538,860</u>	<u>6,272,036</u>	<u>(1,164,751)</u>	<u>(6,637,715)</u>	<u>152,194</u>	<u>(839,376)</u>
Other financing sources (uses):						
Transfers in	-	-	800,000	6,644,385	-	7,444,385
Transfers out	(800,000)	(6,644,385)	-	-	-	(7,444,385)
Total other financing sources (uses)	<u>(800,000)</u>	<u>(6,644,385)</u>	<u>800,000</u>	<u>6,644,385</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(261,140)</u>	<u>(372,349)</u>	<u>(364,751)</u>	<u>6,670</u>	<u>152,194</u>	<u>(839,376)</u>
Fund balances - beginning	<u>6,014,290</u>	<u>3,083,752</u>	<u>4,617,070</u>	<u>3,398,502</u>	<u>1,005,460</u>	<u>18,119,074</u>
Fund balances - ending	<u>\$ 5,753,150</u>	<u>\$ 2,711,403</u>	<u>\$ 4,252,319</u>	<u>\$ 3,405,172</u>	<u>\$ 1,157,654</u>	<u>\$ 17,279,698</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances). \$ (839,376)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

These changes consist of:

Capital assets	206,160	
Library materials	3,426,807	
Depreciation expense	<u>(6,166,744)</u>	
Net effect of capital assets		(2,533,777)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In 2010 this consisted of deferred tax revenue unavailable. (291,312)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

During 2010 these consisted of:

Principal payment	3,735,000	
Interest expense	178,931	
Amortization of bond issue costs	<u>(51,085)</u>	
Net effect of long-term debt		3,862,846

Some expenses were deferred as assets in the statement of net assets and therefore were not reported in the statement of activities, but were reported as expenditures in the governmental funds. 13,623

A net pension asset is not accrued in the governmental funds, but rather is recognized as an expenditure when paid. (98,878)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 26,997

During 2010 this consisted of change in compensated absences 26,997

Change in net assets of governmental activities (Statement of Activities) \$ 140,123

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2010

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and cash equivalents	\$ <u>14,305</u>
 <u>Liabilities</u>	
Accounts payable	<u>7,143</u>
 <u>Net assets</u>	
Held in trust for:	
Employee activity	\$ <u><u>7,162</u></u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY PUBLIC LIBRARY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For The Year Ended December 31, 2010

<u>Additions</u>	<u>Private-Purpose Trust Funds</u>
Contributions:	
Employees	\$ <u>5,332</u>
<u>Deductions</u>	
Employee activities	<u>5,060</u>
Changes in net assets	272
Net assets - beginning	<u>6,890</u>
Net assets - ending	<u>\$ <u>7,162</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



ALLEN COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Allen County Public Library (primary government) is a component unit of Allen County. The primary government was established under the laws of the State of Indiana and operates under a Board of Trustees.

Although Allen County officials do not appoint a majority of the Library's Board and no financial benefit or burden relationship exists, Allen County is financially accountable based upon fiscal dependency as follows:

IC 36-12-14 requires the Library to submit its proposed budget and tax levy if their proposed tax levy is greater than five percent (5%) of the current year levy to Allen County Council. The Allen County Council may reduce or modify but not increase the proposed budget or tax levy.

Since the Library does not have the ability to complete the above essential events without substantive approval by Allen County Council, it is fiscally dependent upon Allen County and Allen County is financially accountable for the Library. The Library is therefore a component unit of Allen County.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

ACPL Bldg Corp is legally separate from the Library. It was created by the Library for the sole purpose of financing library buildings and improvements. The ACPL Bldg Corp board members are appointed by the Library Board of Trustees and the ACPL Bldg Corp is reported as if it were part of the Library because of the nature and significance of the relationship. To exclude the financial activities of this component unit would render the Library's financial statements incomplete or misleading. The operations of this organization are being reported as ACPL Bldg Corp Certificate fund (major debt service fund).

Discretely Presented Component Unit

The Allen County Public Library Foundation is a significant discretely presented component unit of the primary government. It was created for the purpose of accepting and administrating donations on behalf of the Library. A majority of the Allen County Public Library Foundation's board members are appointed by the Library Board of Trustees. To exclude the financial activities of this component unit would render the Library's financial statements incomplete or misleading.

The financial statements of the Allen County Public Library Foundation are presented as of and for the year ended June 30, 2010.

The financial statements of the individual component units may be obtained from their respective offices as follows:

ACPL Bldg Corp
900 Library Plaza
P.O. Box 2270
Fort Wayne, Indiana 46801-2270

Allen County Public Library Foundation
900 Library Plaza
P.O. Box 2270
Fort Wayne, Indiana 46801-2270

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other

revenue items are considered to be measurable and available only when the primary government receives cash.

The primary government reports the following major governmental funds:

The General fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bond and Interest Redemption fund accounts for debt from funds borrowed or advanced for the purchase or lease of library buildings, improvements, equipment or capital construction.

The Library Improvement Reserve fund (LIRF) accounts for receipts accumulated for the purpose of anticipating necessary future capital expenditures for the purchase of library building improvements, equipment or capital construction.

The ACPL Bldg Corp Certificate fund accounts for the debt from funds borrowed for the purchase of library buildings, improvements, equipment or capital construction.

Additionally, the primary government reports the following fund type:

The private-purpose trust fund (fiduciary) reports a trust arrangement under which principal and income benefit employees. This fund was created to account for any revenue received from vending machines in the staff lounge that are provided by a vendor for the exclusive use of the ACPL employees and volunteers. These revenues are to be used for purposes such as a staff picnic or holiday party.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict, guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the primary government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Restricted Net Assets

All restricted net assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Deposits and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government 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.

Investments are stated at fair value. Any changes in the fair value of the investments are reported as interest revenue in the year of the sale of the investment

3. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require 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 Department of Local Government Finance). Taxes may be paid in two equal installments that 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 primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue unavailable since the amounts are not considered available.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements, but are reported as expenditures in the governmental fund financial statements.

6. Capital Assets

Capital assets, which include property and equipment are reported in the governmental activities column in the government-wide financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Buildings	\$ 5,000	Straight-Line	40 yrs.
Improvements Other Than Buildings	5,000	Straight-Line	20 yrs.
Machinery and Equipment	5,000	Straight-Line	5 yrs.
Library Materials	All	Composite	3 yrs.

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Also, included in the capital assets is the Library's rare book collection that is considered a non-depreciating asset.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of sixty to eighty hours per year based on the number of hours worked per year. Unused sick leave may be accumulated to a maximum of five hundred twenty hours or sixty-five working days for full-time employees. For eligible part-time employees, unused sick leave may accumulate up to thirteen weeks of the appropriate current authorized hours. Accumulated sick leave is not paid to employees upon termination.
- b. Vacation Leave – primary government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the length of service, degree qualifications, level of responsibility, and number of hours worked per year. Vacation leave may be accumulated to a maximum of one and one-half times the annual amount of vacation for which one is eligible. Accumulated vacation leave is paid to employees upon termination.
- c. Personal Leave – primary government employees earn personal leave at the rates of twelve to sixteen hours per year based on the number of hours worked per week. At the end of each year unused personal leave is added to accumulated sick leave.

Vacation leave is accrued when incurred and reported as a liability in the statement of net assets. Only amounts due and payable at year end are included in the fund statements. The general fund is primarily used to liquidate the liability for compensated absences.

8. Long –Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums, discounts, and loss on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount, and loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

- A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

- B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

III. Stewardship, Compliance and Accountability

Budgetary Information

On or before August 31, the Director submits to the Board of Trustees a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Board of Trustees to obtain taxpayer comments. In September of each year, the Board of Trustees through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Director receives approval of the Indiana Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Board of Trustees. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund. The legal level of budgetary control is by object for the General Fund and all other budgeted funds.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Primary Government:

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Library does not have a deposit policy for custodial credit risk. At December 31, 2010, the Library had deposit balances in the amount of \$20,119,725. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

Discretely Presented Component Unit:

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Library's discretely presented component unit maintains cash accounts at local banks and in investment accounts. The cash accounts in the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Library's discretely presented component unit does not have a deposit policy for custodial credit risk. At June 30, 2010 there was \$986,063 of deposits in excess of the insured amount. At June 30, 2010, the Library's discretely presented component unit also had \$302,678 in investment accounts that are uninsured.

2. Investments

As of June 30, 2010, the Library's discretely presented component unit had the following investments:

Investment Type	Unit Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
U.S Treasuries and Securities	\$ 79,782	\$ -	\$ 79,782	\$ -
Government Sponsored Enterprise	828,336	65,134	79,068	684,134
Corporate Bonds	344,274	66,143	58,621	219,510
Corporate Stock	2,726,818	2,726,818	-	-
Mutual Funds	1,888,995	1,888,995	-	-
Totals	<u>\$ 5,868,205</u>	<u>\$ 4,747,090</u>	<u>\$ 217,471</u>	<u>\$ 903,644</u>

Investment Policies

The Library's discretely presented component unit has an "Investment Policy Statement" approved by the unit's Board of Trustees May 2004 and revised in November 2010. This policy sets the standards for the selection of the unit's portfolio. The policy sets the asset allocation as follows: cash and cash equivalents 5% to 15%; fixed income 25% to 50%; equities 35% to 70%.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Library's discretely presented component unit will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Library's discretely presented component unit does not have a formal investment policy for custodial credit risk for investments that are uninsured and uncollateralized. At June 30, 2010, the Library's discretely presented component unit held investments in Cozad Asset Management, Inc., Monarch Capital Management, Inc. and Wells Fargo Advisors, LLC in the amount of \$5,868,205.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's discretely presented component unit's Investment Policy Statement does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's discretely presented component unit's Investment Policy Statement includes an investment policy for credit risk for investments of A or better. The distribution of securities with credit ratings is summarized below.

<u>Standard and Poor's Rating</u>	<u>Morningstar Risk Profile</u>	<u>Government Sponsored Enterprise</u>	<u>Corporate Bonds</u>	<u>Mutual Funds</u>
AAA		\$ 377,677	\$ -	\$ -
AA+		57,706	89,515	-
AA		103,041	-	-
AA-		19,816	-	-
AA2		46,623	-	-
AA3		56,855	-	-
A+		50,991	34,848	-
A		69,040	165,211	-
A-		-	42,427	-
A1		20,103	-	-
A3		26,484	-	-
BBB+		-	12,273	-
Unrated		-	-	199,244
	Low	-	-	374,454
	Below Average	-	-	222,704
	Average	-	-	740,129
	Above Average	-	-	297,344
	High	-	-	55,120
Totals		<u>\$ 828,336</u>	<u>\$ 344,274</u>	<u>\$ 1,888,995</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The Library's discretely presented component unit's Investment Policy Statement includes a policy in regards to concentration of credit risk. The policy states no more than 5% invested in one company; no more than 20% invested in any one industry/market sector; international investment concentration is governed by the policy that investments in U.S. Stocks will be at least as great as the percentage of U.S. equities comprising the MSCI All Country World Index as of the end of the preceding calendar year.

Foreign Currency Risk

Foreign Currency risk relates to adverse affects on the fair values of an investment from changes in exchange rates. The Library's discretely presented component unit does not have a formal investment policy for foreign currency risk for investments. The Investment Policy Statement includes a formal policy in regards to foreign currency risk. The foreign currency related to this investment is in international mutual funds and has a fair value of \$108,107.

B. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,960,142	\$ -	\$ -	\$ 4,960,142
Rare book collection	<u>994,827</u>	<u>-</u>	<u>-</u>	<u>994,827</u>
Total capital assets, not being depreciated	<u>5,954,969</u>	<u>-</u>	<u>-</u>	<u>5,954,969</u>
Capital assets, being depreciated:				
Buildings	90,468,084	-	-	90,468,084
Improvements other than buildings	634,872	-	-	634,872
Machinery and equipment	6,552,735	206,160	215,736	6,543,159
Library materials	<u>10,805,406</u>	<u>3,426,807</u>	<u>3,584,636</u>	<u>10,647,577</u>
Totals	<u>108,461,097</u>	<u>3,632,967</u>	<u>3,800,372</u>	<u>108,293,692</u>
Less accumulated depreciation for:				
Buildings	15,322,834	2,183,353	-	17,506,187
Improvements other than buildings	120,331	30,803	-	151,134
Machinery and equipment	6,041,622	350,786	215,736	6,176,672
Library materials	<u>3,700,808</u>	<u>3,601,802</u>	<u>3,584,636</u>	<u>3,717,974</u>
Totals	<u>25,185,595</u>	<u>6,166,744</u>	<u>3,800,372</u>	<u>27,551,967</u>
Total capital assets, being depreciated, net	<u>83,275,502</u>	<u>(2,533,777)</u>	<u>-</u>	<u>80,741,725</u>
Total governmental activity capital assets, net	<u>\$ 89,230,471</u>	<u>\$ (2,533,777)</u>	<u>\$ -</u>	<u>\$ 86,696,694</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Public service \$ 6,166,744

C. Interfund Balances and Activity

Interfund Transfers

Interfund transfers at December 31, 2010, were as follows:

Transfer From	ACPL Bldg Corp Certificate	LIRF	Total
General Fund	\$ -	\$ 800,000	\$ 800,000
Bond and Interest Redemption	<u>6,644,385</u>	<u>-</u>	<u>6,644,385</u>
Total	<u>\$ 6,644,385</u>	<u>\$ 800,000</u>	<u>\$ 7,444,385</u>

The primary government typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the general fund to the debt service fund for current-year debt service requirements.

D. Long-Term Liabilities

1. First Mortgage Bonds

The ACPL Bldg Corp issued first mortgage bonds to provide funds for the acquisition and renovation of the Library's major capital facilities. First mortgage bonds are not backed by the full faith and credit of the Allen County Public Library; these bonds are secured by the pledge of mortgaged property.

Purpose	Amount
\$12,480,000 First Mortgage Bonds, Series 2003 Due In Installments of \$690,000 to \$2,385,000, Plus Interest Through January 1, 2017; Interest at 3% to 5%	\$ 11,150,000
\$31,470,000 First Mortgage Bonds, Series 2004 Due In Installments of \$60,000 to \$2,205,000, Plus Interest Through January 1, 2017; Interest at 4.375% to 5%	15,735,000
\$31,040,000 First Mortgage Refunding Bonds, Series 2005 Due In Installments of \$35,000 to \$3,115,000, Plus Interest Through January 1, 2022; Interest at 3.5% to 5%	<u>30,205,000</u>
Total	<u>\$ 57,090,000</u>

First mortgage bonds debt service requirements to maturity are as follows:

Year Ended	First Mortgage Bonds			
	December 31	Principal	Interest	Totals
2011	\$ 3,915,000	\$ 2,706,320	\$ 6,621,320	
2012	4,115,000	2,509,098	6,624,098	
2013	4,330,000	2,301,695	6,631,695	
2014	4,545,000	2,083,520	6,628,520	
2015	4,745,000	1,877,783	6,622,783	
2016-2020	27,275,000	5,902,965	33,177,965	
2021-2022	8,165,000	394,250	8,559,250	
Total	<u>\$ 57,090,000</u>	<u>\$ 17,775,631</u>	<u>\$ 74,865,631</u>	

Unamortized Amounts of First Mortgage Bonds

First mortgage bonds at year end include the following amounts of unamortized bond premium and loss on refunding:

	Balance at December 31	Unamortized Premium/ (Loss on Refunding)	Net Balance at December 31
First Mortgage Bonds, Series 2003	\$ 11,150,000	\$ 13,094	\$ 11,163,094
First Mortgage Bonds, Series 2004	15,735,000	834,964	16,569,964
First Mortgage Refunding Bonds, Series 2005	<u>30,205,000</u>	<u>(332,494)</u>	<u>29,872,506</u>
Total	<u>\$ 57,090,000</u>	<u>\$ 515,564</u>	<u>\$ 57,605,564</u>

2. Advance Refunding

In prior years, the Library defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Library's financial statements. The following outstanding bonds, at December 31, 2010, were considered defeased:

Primary Government	<u>Amount</u>
	<u>\$ 30,605,000</u>

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
First Mortgage Bonds Series 2003	\$ 11,150,000	\$ -	\$ -	\$ 11,150,000	\$ -
First Mortgage Bonds Series 2004	19,400,000	-	3,665,000	15,735,000	3,845,000
First Mortgage Refunding Bonds Series 2005	30,275,000	-	70,000	30,205,000	70,000
Compensated Absences	<u>733,269</u>	<u>736,249</u>	<u>763,266</u>	<u>706,252</u>	<u>117,709</u>
Totals	<u>\$ 61,558,269</u>	<u>\$ 736,249</u>	<u>\$ 4,498,266</u>	<u>\$ 57,796,252</u>	<u>\$ 4,032,709</u>

These general obligation and first mortgage bonds are payable from governmental funds. Compensated absences are paid from the general fund.

V. Other Information

A. Risk Management

The primary government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The primary government 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 the 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 primary government 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 member's contributions, set by state statute at three percent 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

Annual Pension Cost

For 2010, the Library's annual pension cost of \$835,181 for PERF was equal to the Library's required contributions.

Actuarial Information for the Above Plan

	<u>PERF</u>
Annual required contribution	\$ 835,181
Interest on net pension obligation	(2,024)
Adjustment to annual required contribution	<u>2,306</u>
Annual pension cost	835,463
Contributions made	<u>736,585</u>
Increase in net pension obligation	98,878
Net pension obligation, beginning of year	<u>(27,912)</u>
Net pension obligation, end of year	<u>\$ 70,966</u>

	<u>PERF</u>
Contribution rates:	
Government	8.25%
Plan Members	3%
Actuarial valuation date	07-01-10
Actuarial cost method	Entry age
Amortization method	Level percentage of projected

Amortization period	payroll, closed 30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

Year Ending	PERF		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-08	\$ 686,014	97%	\$ (43,178)
06-30-09	737,425	98%	(27,912)
06-30-10	835,463	88%	70,966

Funded Status and Funding Progress for the Above Plan

The funded status of the plan as of July 1, 2010, the most recent actuarial valuation date is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$9,370,036	\$14,504,661	\$(5,134,625)	65%	\$9,233,460	(56%)

The schedule of funding progress, presented as RSI for the above plans following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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**REQUIRED SUPPLEMENTARY
INFORMATION**



ALLEN COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2010

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 19,769,457	\$ 19,769,457	\$ 18,431,237	\$ (1,338,220)
Intergovernmental	3,634,036	3,634,036	1,926,772	(1,707,264)
Charges for services	895,000	895,000	779,467	(115,533)
Other	621,500	621,500	677,760	56,260
Total revenues	<u>24,919,993</u>	<u>24,919,993</u>	<u>21,815,236</u>	<u>(3,104,757)</u>
Expenditures:				
Current:				
Personal services	14,966,810	14,956,810	14,136,248	(820,562)
Supplies	684,800	737,531	689,010	(48,521)
Other services and charges	3,147,000	3,161,833	2,947,988	(213,845)
Capital outlay	3,755,000	3,761,838	3,503,130	(258,708)
Total expenditures	<u>22,553,610</u>	<u>22,618,012</u>	<u>21,276,376</u>	<u>(1,341,636)</u>
Other financing sources (uses):				
Transfers out	(800,000)	(800,000)	(800,000)	-
Net change in fund balances	1,566,383	1,501,981	(261,140)	(1,763,121)
Fund balances - beginning	<u>6,014,289</u>	<u>6,014,289</u>	<u>6,014,290</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,580,672</u>	<u>\$ 7,516,270</u>	<u>\$ 5,753,150</u>	<u>\$ (1,763,121)</u>

The notes to RSI are an integral part of RSI.

ALLEN COUNTY PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07/01/08	11,023,381	13,028,023	(2,004,642)	85%	8,933,187	(22%)
07/01/09	10,562,775	13,771,193	(3,208,418)	77%	9,399,682	(34%)
07/01/10	9,370,036	14,504,661	(5,134,625)	65%	9,233,460	(56%)

The notes to RSI are an integral part of RSI.

ALLEN COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

Note 1. Budgets and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- A. The Director submits to the Library Board of Trustees (the Board) a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. The Library advertises the budget prior to adoption and the Board holds public hearings to obtain taxpayer comments.
- C. The budget is approved in August of each year by the Board through passage of an ordinance.
- D. Copies of the budget ordinance and advertisements are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Board receives approval from the Indiana Department of Local Government Finance. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the Library's expenditures budget. The Library's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the Library.
- E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds. The Library's management cannot transfer budgeted appropriations between object classifications of a budget, without approval of the Board. Any revisions that alter the total appropriations for any fund must be approved by the Board and, in some instances, by the Indiana Department of Local Government Finance.
- F. Formal budgetary integration is required by State statute and employed as a management control device. An annual budget was legally adopted for the following funds:

Major Funds

General Fund

Debt Service Funds

Bond and Interest Redemption

Capital Project Fund

Library Improvement Reserve Fund (LIRF)

- G. The Library's budgetary process is based upon GAAP. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Board and approved by the Department of Local Government Finance in the regular legal manner.

**SUPPLEMENTARY
INFORMATION**



Major Governmental Funds

General Fund – The General Fund is the general operating fund of the Library. Tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures of the library are paid from the General Fund.

Debt Service Funds – Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

BOND AND INTEREST REDEMPTION FUND – Indiana Code 20-14-3-9 (a)(3) provides that all money derived from the taxes levied for the purpose of retiring bonds or other evidence of indebtedness, together with any premium or accrued interest that may be received, shall be receipted into the Bond and Interest Redemption Fund. This fund shall be used for no other purpose than the payment of indebtedness.

ACPL BUILDING CORPORATION CERTIFICATE FUND – This fund accounts for the activities of a component unit which receives capital lease payments from the Bond and Interest Redemption Fund for the purpose of paying the principal and interest on First Mortgage bonds and participation certificates.

Capital Projects Funds – Capital Projects Funds are used to account for major capital acquisition or construction activities, particularly if these are financed through long-term debt issues or contributions.

LIBRARY IMPROVEMENT RESERVE FUND (LIRF) – Indiana Code 20-14-3-9-(a)(4) provides that money may be accumulated for the purpose of anticipated necessary future capital expenditures such as the purchase of land, the purchase and construction of buildings or structures, the construction of additions or improvements to existing structures, the purchase of equipment, and all repairs or replacement of buildings or equipment and shall be deposited into the Library Improvement Reserve Fund. The money so received shall be appropriated and expended solely for the purposes stated above.

ALLEN COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE
 OTHER BUDGETED MAJOR GOVERNMENTAL FUND
 For The Year Ended December 31, 2010

	LIRF				Bond and Interest Redemption			Variance With Final Budget Over (Under)
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Over (Under)	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 6,276,714	\$ 6,276,714	\$ 6,272,036	\$ (4,678)
Expenditures:								
Current:								
Capital outlay	500,000	1,252,402	1,164,751	(87,651)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(1,252,402)	(1,164,751)	(87,651)	6,276,714	6,276,714	6,272,036	(4,678)
Other financing uses:								
Transfers in (out)	800,000	800,000	800,000	-	(6,644,385)	(6,644,385)	(6,644,385)	-
Net change in fund balances	300,000	(452,402)	(364,751)	87,651	(367,671)	(367,671)	(372,349)	(4,678)
Fund balances - beginning	4,617,070	4,617,070	4,617,070	-	3,083,752	3,083,752	3,083,752	-
Fund balances - ending	\$ 4,917,070	\$ 4,164,668	\$ 4,252,319	\$ 87,651	\$ 2,716,081	\$ 2,716,081	\$ 2,711,403	\$ (4,678)

Non-major Governmental Funds

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted, or donor designated, to be expended for a specific purpose.

GIFT FUND – The Gift Fund receives donations to various departments and programs of the Library.

CABLE TV FUND – This fund accounts for revenue and expenditures related to operating the public access channels and government access channels on the local cable television system.

LEVY EXCESS FUND – This fund accounts for property tax collections for a particular year which exceed more than 100% of the approved levy.

STATE TECHNOLOGY FUND – This fund accounts for revenue and expenditures related to internet connectivity being funded through State library grants.

RAINY DAY FUND – This fund accounts for revenues and expenditures relating to transfers of unused and unencumbered funds allowed under appropriate State statutes.

ALLEN COUNTY PUBLIC LIBRARY
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2010

	<u>Gift</u>	<u>Cable TV</u>	<u>Lewy Excess</u>	<u>State Technology</u>	<u>Rainy Day</u>	<u>Totals</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 27,318	\$ 210,079	\$ 69,370	\$ 6,103	\$ 836,744	\$ 1,149,614
Intergovernmental receivable	-	126,896	-	-	-	126,896
Total assets	<u>\$ 27,318</u>	<u>\$ 336,975</u>	<u>\$ 69,370</u>	<u>\$ 6,103</u>	<u>\$ 836,744</u>	<u>\$ 1,276,510</u>
<u>Liabilities and fund balances</u>						
<u>Liabilities:</u>						
Accounts payable	\$ -	\$ 210	\$ -	\$ -	\$ -	\$ 210
Deferred revenue - unavailable	-	118,646	-	-	-	118,646
Total liabilities	<u>-</u>	<u>118,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,856</u>
<u>Fund balances:</u>						
Unreserved, reported in:						
Special revenue funds	27,318	218,119	69,370	6,103	836,744	1,157,654
Total liabilities and fund balances	<u>\$ 27,318</u>	<u>\$ 336,975</u>	<u>\$ 69,370</u>	<u>\$ 6,103</u>	<u>\$ 836,744</u>	<u>\$ 1,276,510</u>

ALLEN COUNTY PUBLIC LIBRARY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010

	Gift	Cable TV	Levy Excess	State Technology	Rainy Day	Totals
Revenues:						
Taxes	\$ -	\$ -	\$ 69,370	\$ -	\$ -	\$ 69,370
Intergovernmental		475,772		10,393		486,165
Other	14,935	-	-	-	-	14,935
Total revenues	14,935	475,772	69,370	10,393	-	570,470
Expenditures:						
Current:						
Public service	2,482	386,088	-	11,290	-	399,861
Library materials	220	-	-	-	-	220
Capital outlay	5,078	13,118	-	-	-	18,196
Total expenditures	7,780	399,206	-	11,290	-	418,277
Excess (deficiency) of revenues over (under) expenditures	7,155	76,566	69,370	(897)	-	152,194
Net change in fund balances	7,155	76,566	69,370	(897)	-	152,194
Fund balances - beginning	20,163	141,553	-	7,000	836,744	1,005,460
Fund balances - ending	\$ 27,318	\$ 218,119	\$ 69,370	\$ 6,103	\$ 836,744	\$ 1,157,654

**STATISTICAL
SECTION**



ALLEN COUNTY PUBLIC LIBRARY
Location of Public Service Facilities
with population (2010 census) by township

CODE	BRANCH NAME	ADDRESS (Common Location Reference)
MAI	Main Library	900 Library Plaza, Fort Wayne
ABT	Aboite	5630 Coventry Ln., (Village of Coventry Shopping Ctr.), Fort Wayne
DPT	Dupont	536 East Dupont Rd., (West of Coldwater Rd.), Fort Wayne
GEO	Georgetown	6600 East State Blvd. (Georgetown Sq.), Fort Wayne
GRB	Grabill	13521 State Street, Grabill
HSC	Hessen Cassel	3030 East Paulding Rd. (West of Hessen Cassel Rd.), Fort Wayne
LTL	Little Turtle	2201 Sherman Blvd. (South of State Blvd.), Fort Wayne
MON	Monroeville	115 Main Street, Monroeville
NWH	New Haven	648 Green Street, New Haven
PON	Pontiac	2215 South Hanna, Fort Wayne
SHW	Shawnee	5600 Noll Ave. (South Calhoun near Paulding Rd.), Fort Wayne
TEC	Tecumseh	1411 E. State Blvd., Fort Wayne
WAY	Waynedale	2200 Lower Huntington Rd., Fort Wayne
WDB	Woodburn	4701 State Road 101 North, Woodburn

	Eel River 3,965	Perry 19,643	Cedar Creek 11,329 * GRB	Springfield 4,761	Scipio 584
Lake 2,807	Washington 33,859 LTL *	DPT * TEC *	St. Joseph 71,832 GEO *	Milan 4,656	Maumee 3,318 WDB *
Aboite 30,000 ABT *	Wayne 108,119 SHW * WAY *	MAI * PON *	Adams 32,050 * HSC	NWH * Jefferson 2,821	Jackson 1,041
Lafayette 3,533	Pleasant 4,323	Marion 4,495	Madison 2,722	Monroe 2,785 * MON	

Allen County Public Library

Statistical Section

(Unaudited)

The statistical section of the Allen County Public Library's comprehensive annual financial report presents detailed information as a context for understanding the financial statements, note disclosures, and supplemental information. This information has not been audited.

Contents

	<u>Page</u>
Financial Trends	S-1
These tables contain trend information that may assist the reader in assessing the Library's current financial performance by placing it in historical perspective.	
Revenue Capacity	S-5
These tables contain information that may assist the reader in assessing the viability of the Library's most significant revenue source-property taxes.	
Debt Capacity	S-10
These tables present information that may assist the reader in analyzing the affordability of the Library's current level of outstanding debt and the Library's ability to issue additional debt in the future.	
Economic and Demographic Information	S-13
These tables offer economic and demographic indicators that are commonly used for financial analysis and can help in understanding the Library's present and ongoing financial status.	
Operating Information	S-18
These tables contain service indicators that can help in understanding how the Library's financial status relates to the services the Library provides and the activities it performs.	

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The Library implemented GASB Statement No. 34 in the fiscal year 2003 therefore tables presenting government-wide information include only years 2003 and beyond.

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Allen County Public Library

Net Assets

Last Seven Years ^(A)

(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government (Governmental Activities) ^(B)								
Invested in capital assets, net of related debt	\$ (14,557,113)	\$ (25,473,880)	\$ (1,173,811)	\$ 21,158,025	\$ 24,932,485	\$ 26,629,949	\$ 27,796,150	\$ 29,091,130
Restricted	\$ 40,638,396	\$ 54,767,921	\$ 34,974,959	\$ 12,453,263	\$ 12,364,628	\$ 11,890,218	\$ 11,247,877	\$ 10,593,116
Unrestricted	\$ 9,636,515	\$ 7,763,794	\$ 8,734,651	\$ 6,956,243	\$ 4,847,182	\$ 4,982,853	\$ 7,242,991	\$ 6,742,895
Total Primary Government Net Assets	\$ 35,717,798	\$ 37,057,835	\$ 42,535,799	\$ 40,567,531	\$ 42,144,295	\$ 43,503,020	\$ 46,287,018	\$ 46,427,141

NOTE:

(A) The Allen County Public Library implemented GASB 34 in fiscal year 2003, therefore, only seven years of government-wide financial data is presented

(B) The Allen County Public Library has no business-type activities. All activities of the Library (Primary Government) are considered governmental-type activities.

Allen County Public Library

Changes in Net Assets

Last Seven Years^(A)

(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Primary Government (Governmental Activities) ^(B)								
Administration and support	\$ 6,111,920	\$ 6,189,851	\$ 6,158,584	\$ 5,855,032	\$ 5,370,247	\$ 4,887,710	\$ 4,738,584	\$ 4,774,663
Public Service	\$ 15,765,842	\$ 17,893,675	\$ 15,994,028	\$ 23,257,725	\$ 21,294,841	\$ 21,107,304	\$ 20,787,052	\$ 20,727,861
Interest on long-term debt	\$ 1,876,330	\$ 2,814,429	\$ 2,840,490	\$ 3,278,393	\$ 3,156,444	\$ 3,040,655	\$ 2,898,314	\$ 2,723,784
Total primary government expenses	\$ 23,754,092	\$ 26,897,955	\$ 24,993,102	\$ 32,391,150	\$ 29,821,532	\$ 29,035,669	\$ 28,423,950	\$ 28,226,308
Program Revenues								
Primary Government (Governmental Activities) ^(B)								
Charges for services - Public Services	\$ 496,781	\$ 516,697	\$ 552,859	\$ 574,706	\$ 615,469	\$ 712,340	\$ 846,423	\$ 779,467
Operating Grants and Contributions	-	-	\$ 32,439	\$ 16,389	\$ 15,829	\$ 18,232	\$ 84,457	\$ 376,360
Total primary government program revenues	\$ 496,781	\$ 516,697	\$ 585,298	\$ 591,095	\$ 631,298	\$ 730,572	\$ 930,880	\$ 1,155,827
Total primary government net expense	\$ (23,257,311)	\$ (26,381,258)	\$ (24,407,804)	\$ (31,800,055)	\$ (29,190,234)	\$ (28,305,097)	\$ (27,493,070)	\$ (27,070,481)
General Revenues and Other Changes in Net Assets								
Primary Government (Governmental Activities) ^(B)								
Taxes								
Property Taxes	\$ 18,374,201	\$ 20,968,605	\$ 21,510,694	\$ 22,459,900	\$ 23,716,647	\$ 22,884,718	\$ 23,647,587	\$ 22,414,272
Auto Excise Taxes	\$ 1,210,402	\$ 2,651,068	\$ 2,174,918	\$ 2,041,398	\$ 2,145,317	\$ 2,042,075	\$ 1,911,188	\$ 2,124,060
COIT and other Taxes	\$ 5,165,187	\$ 2,976,533	\$ 3,486,731	\$ 3,645,823	\$ 3,480,291	\$ 4,105,658	\$ 4,313,980	\$ 1,926,773
Unrestricted grants and contributions	\$ 406,995	\$ 424,259	\$ 413,934	\$ 5,244	-	-	-	-
Unrealized loss on investments	-	-	-	-	-	-	-	-
Interest on investments	-	-	-	\$ 1,276,698	\$ 509,316	\$ 196,827	\$ 29,959	\$ 27,597
Other	\$ 1,040,633	\$ 900,474	\$ 2,299,491	\$ 402,724	\$ 915,427	\$ 434,544	\$ 374,354	\$ 717,902
Total primary government general revenues	\$ 26,197,418	\$ 27,721,295	\$ 29,885,768	\$ 29,831,787	\$ 30,766,998	\$ 29,663,822	\$ 30,277,068	\$ 27,210,604
Total Change in Primary Government Net Assets	\$ 2,940,107	\$ 1,340,037	\$ 5,477,964	\$ (1,968,268)	\$ 1,576,764	\$ 1,358,725	\$ 2,783,998	\$ 140,123

NOTE:

(A) The Allen County Public Library implemented GASB 34 in fiscal year 2003, therefore, only seven years of government-wide financial data is presented

(B) The Allen County Public Library has no business-type activities. All activities of the Library (Primary Government) are considered governmental-type activities.

Allen County Public Library
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 253	\$ 200	\$ 28	\$ 245	\$ 286	\$ 193	\$ 76	\$ 114	\$ 27	\$ 106
Unreserved	\$ 8,331	\$ 8,000	\$ 3,309	\$ 7,234	\$ 7,952	\$ 8,309	\$ 4,194	\$ 4,757	\$ 5,987	\$ 5,647
Total General Fund	\$ 8,584	\$ 8,200	\$ 3,337	\$ 7,479	\$ 8,238	\$ 8,502	\$ 4,270	\$ 4,871	\$ 6,014	\$ 5,753
All Other Governmental Funds										
Reserved	\$ 1,273	\$ 4,210	\$ 10	\$ 31,469	\$ 15,292	\$ 3,580	\$ 99	\$ 112	\$ 18	\$ 3
Unreserved, reported in:										
Capital projects funds	\$ 10,987	\$ 39,544	\$ 37,528	\$ 19,471	\$ 12,632	\$ 3,106	\$ 5,789	\$ 5,068	\$ 4,599	\$ 4,250
Special revenue funds	\$ 117	\$ 67	\$ 75	\$ 94	\$ 130	\$ 177	\$ 314	\$ 441	\$ 1,006	\$ 1,158
Debt service funds	\$ -	\$ -	\$ 3,073	\$ 4,261	\$ 4,915	\$ 5,622	\$ 6,387	\$ 6,669	\$ 6,482	\$ 6,116
Total all other governmental funds	\$ 12,377	\$ 43,821	\$ 40,686	\$ 55,295	\$ 32,969	\$ 12,485	\$ 12,589	\$ 12,290	\$ 12,105	\$ 11,527

Allen County Public Library
Changes in Fund Balances of Governmental Funds
Last Ten Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 20,003	\$ 25,140	\$ 19,947	\$ 31,558	\$ 27,169	\$ 24,620	\$ 25,377	\$ 25,425	\$ 25,048	\$ 24,773
Intergovernmental	\$ 402	\$ 374	\$ 407	\$ 424	\$ 446	\$ 3,840	\$ 3,741	\$ 4,006	\$ 4,108	\$ 2,413
Charges for services	\$ 523	\$ 540	\$ 497	\$ 517	\$ 553	\$ 575	\$ 615	\$ 712	\$ 846	\$ 779
Other	\$ 646	\$ 1,137	\$ 1,041	\$ 843	\$ 2,300	\$ 1,759	\$ 927	\$ 650	\$ 603	\$ 693
Total Revenues	\$ 21,574	\$ 27,191	\$ 21,892	\$ 33,342	\$ 30,468	\$ 30,794	\$ 30,660	\$ 30,793	\$ 30,605	\$ 28,658
Expenditures										
Administration and support	\$ 4,048	\$ 4,775	\$ 6,121	\$ 6,034	\$ 6,137	\$ 5,768	\$ 5,198	\$ 4,791	\$ 4,681	\$ 4,625
Public Services	\$ 9,863	\$ 10,580	\$ 10,078	\$ 10,152	\$ 10,753	\$ 12,237	\$ 13,295	\$ 13,617	\$ 13,530	\$ 13,548
Library Materials	\$ 4,073	\$ 3,790	\$ 3,663	\$ 3,036	\$ 3,418	\$ 3,541	\$ 3,585	\$ 3,933	\$ 3,288	\$ 3,427
Capital Outlays	\$ 2,200	\$ 3,199	\$ 15,496	\$ 21,415	\$ 25,027	\$ 22,838	\$ 6,087	\$ 1,518	\$ 1,519	\$ 1,259
Debt Service										
Principal	\$ 935	\$ 6,855	\$ 4,605	\$ 4,585	\$ 34,260	\$ 3,221	\$ 3,315	\$ 3,435	\$ 3,565	\$ 3,735
Interest	\$ 248	\$ 510	\$ 2,313	\$ 2,121	\$ 3,030	\$ 3,410	\$ 3,309	\$ 3,196	\$ 3,064	\$ 2,903
Bond issue costs	\$ 56	\$ 421		\$ 270	\$ 356					
Total Expenditures	\$ 21,423	\$ 30,130	\$ 42,276	\$ 47,613	\$ 82,981	\$ 51,015	\$ 34,789	\$ 30,490	\$ 29,647	\$ 29,497
Excess of revenues over (under) expenditures	\$ 151	\$ (2,939)	\$ (20,384)	\$ (14,271)	\$ (52,513)	\$ (20,221)	\$ (4,129)	\$ 303	\$ 958	\$ (839)
Other Financing Source (Uses)										
Transfers in	\$ 1,836	\$ 4,514	\$ 4,331	\$ 6,115	\$ 6,900	\$ 6,898	\$ 11,287	\$ 6,877	\$ 7,448	\$ 7,444
Transfers out	\$ (1,836)	\$ (4,514)	\$ (4,331)	\$ (6,115)	\$ (6,900)	\$ (6,898)	\$ (11,287)	\$ (6,877)	\$ (7,448)	\$ (7,444)
Issuance of debt	\$ 11,445	\$ 34,000	\$ 12,386	\$ 31,470	\$ 31,040					
Bond premium				\$ 1,551	\$ 1,940					
Accrued interest at bond sale	\$ 25									
Defeasance of bonds					\$ (2,032)					
Total other financing sources (uses)	\$ 11,470	\$ 34,000	\$ 12,386	\$ 33,021	\$ 30,948	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in fund balances	\$ 11,621	\$ 31,061	\$ (7,998)	\$ 18,750	\$ (21,565)	\$ (20,221)	\$ (4,129)	\$ 303	\$ 958	\$ (839)
Debt Service as a percentage of noncapital expenditures^B	5.8%	25.8%	25.0%	25.4%	23.6% ^A	19.1%	21.6%	21.9%	22.7%	22.7%

NOTE:

A) In 2005, \$31,470,000 of debt issued in 2002 was refinanced. The payoff of the principal on this debt is reflected in the "Expenditures" for this year. However, in order to have more accurate calculations relating to Debt Service percentages, the expenditures have been adjusted to reflect true on-going debt service principal payments of \$3,221,000.

B) Only those governmental fund expenditures for the acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements have been subtracted from the total governmental fund expenditures for this calculation.

ALLEN COUNTY PUBLIC LIBRARY
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY [A]
Last Ten years

Tax Year Payable	Net Assessed Value ^B	Estimated Actual Value	Total Direct Tax Rate
2010	\$ 13,112,944,238	\$ 13,112,944,238	\$ 0.1871
2009	13,297,615,974	13,297,615,974	0.1800
2008	15,850,468,135	15,850,468,135	0.1480
2007	15,270,870,109	15,270,870,109	0.1521
2006	14,061,977,670	14,061,977,670	0.1607
2005	13,932,934,665	13,932,934,665	0.1579
2004	14,211,493,429	14,211,493,429	0.1415
2003 [C]	14,231,573,124	14,231,573,124	0.1456
2002 [D]	3,328,324,088	9,984,972,264	0.5841
2001	3,172,021,007	9,516,063,021	0.4342

NOTE:

- (A) GASB Statement #44 has called for a new report on the assessed values that breaks the total value into major components such as residential, commercial, and industrial property as well as any adjustments and credits. At the time of CAFR production, this information was unavailable from the County Auditor's office.
- (B) Prior to 2003, all assessed value is defined as one-third of true tax values.
- (C) For 2003 and forward, assessed valuation reflects actual market value.
- (D) All property reassessed

Source: Allen County Auditor's Office

ALLEN COUNTY PUBLIC LIBRARY

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

	2009 pay 2010	2008 pay 2009	2007 pay 2008	2006 pay 2007	2005 pay 2006
Library Direct Rates					
General	\$ 0.1396	\$ 0.1337	\$ 0.1078	\$ 0.1079	\$ 0.1127
Debt Service	0.0475	0.0463	0.0402	0.0442	0.0480
Total direct rates	0.1871	0.1800	0.1480	0.1521	0.1607
County-wide units:					
Ft. Wayne-Allen Co. Airport	0.0440	0.0489	0.0233	0.0233	0.0243
County of Allen	0.5187	0.4631	0.5789	0.5331	0.5675
State of Indiana	-	-	0.0229	0.0230	0.0239
Cities and Towns:					
City of Fort Wayne	1.2238	1.1515	0.9985	1.027	1.0869
City of New Haven	0.9617	0.9095	0.7387	0.7371	0.8399
City of Woodburn	0.6367	0.5847	0.4498	0.4376	0.5026
Town of Grabill	0.7783	0.7466	0.6361	0.6169	0.6596
Town of Monroeville	1.0075	0.9848	0.7493	0.7154	0.688
Town of Hometown	0.3297	0.2485	0.2355	0.1497	0.1169
Town of Zanesville	0.3509	0.3967	0.3116	0.2957	0.2825
Town of Leo-Cedarville	0.3636	0.3438	0.2461	0.2538	0.2961
School Districts:					
East Allen County	0.8443	0.8236	1.3893	1.3957	1.5491
Ft. Wayne Community	0.8271	0.8294	1.3540	1.3812	1.4743
Northwest Allen County	1.3317	1.2827	1.6429	1.5594	1.6085
Southwest Allen County	1.0170	0.9464	1.5939	1.6428	1.6102
Other special districts:					
Public Transport. Corp	0.0521	0.0492	0.0375	0.0324	0.0393
S.W. Allen Fire District	0.1716	0.1669	0.1491	0.1210	0.1235
N.W. Allen Fire District	0.0569	0.0553	0.0362	0.0320	
New Haven-Adams Twp Parks	0.1113	0.1103	0.0971	0.0964	0.1018
Townships:					
Aboite	0.0565	0.0643	0.0478	0.0645	0.0537
Adams	0.2644	0.2511	0.2127	0.2105	0.2293
Cedar Creek	0.0488	0.0541	0.0390	0.0397	0.0463
Eel River	0.0091	0.0088	0.0065	0.0066	0.0186
Jackson	0.0379	0.0376	0.0360	0.0378	0.0375
Jefferson	0.1024	0.1004	0.0895	0.0897	0.0920
Lafayette	0.0018	0.0019	0.0016	0.0017	0.0017
Lake	0.0846	0.0854	0.0690	0.0780	0.0791
Madison	0.1573	0.0745	0.0713	0.0762	0.0834
Marion	0.0712	0.0694	0.0571	0.0572	0.0649
Maumee	0.1513	0.0924	0.0964	0.1064	0.1312
Milan	0.0496	0.0483	0.0448	0.0456	0.0474
Monroe	0.0985	0.0972	0.0816	0.0846	0.0869
Perry	0.0055	0.0053	0.0038	0.0040	0.0356
Pleasant	0.0133	0.0125	0.0105	0.0109	0.0111
Scipio	0.0518	0.0514	0.0435	0.0427	0.0425
Springfield	0.1233	0.1157	0.0673	0.0787	0.0723
Saint Joseph	0.1341	0.1256	0.0361	0.1945	0.2388
Washington	0.1440	0.1285	0.1018	0.0932	0.0812
Wayne	0.1175	0.1344	0.1020	0.0880	0.0893

Source: Allen County Auditor's Office

2004 pay 2005	2003 pay 2004	2002 pay 2003	2001 pay 2002	2000 pay 2001
\$ 0.1095	\$ 0.1029	\$ 0.0982	\$ 0.1329	\$ 0.4016
0.0484	0.0386	0.0474	0.0618	0.0326
0.1579	0.1415	0.1456	0.1947	0.4342
0.0237	0.0225	0.0217	0.0801	0.0803
0.5452	0.4746	0.4229	1.7055	1.7948
0.2325	0.0223	0.0224	0.0876	0.0881
1.046	0.9421	0.8846	3.33	3.3301
0.7340	0.5957	0.5372	2.3178	2.4598
0.5104	0.4454	0.4469	1.8069	1.7195
0.6219	0.5766	0.4785	1.9116	1.8598
0.7003	0.6123	0.5521	1.755	2.2383
0.1337	0.1444	0.1857	0.9963	1.0577
0.3061	0.2930	0.2803	1.0719	1.144
0.2965	0.2912	0.2803	1.2795	1.2573
1.492	1.5005	1.3088	5.58	5.1417
1.4078	1.4306	1.2566	4.8192	4.7796
1.4726	1.4693	1.2078	5.9583	5.8003
1.6842	1.6085	1.541	6.3246	6.0445
0.039	0.0367	0.0353	0.1332	0.1358
0.1296	0.1169	0.1093	0.3783	0.3886
0.0712	0.1067	0.0993	0.33	0.33
0.0660	0.0490	0.0565	0.2517	0.2560
0.2186	0.2231	0.2228	0.7119	0.6269
0.0458	0.0462	0.0444	0.2298	0.2293
0.0181	0.0178	0.0175	0.0963	0.0983
0.0442	0.0424	0.0410	0.1956	0.1594
0.0843	0.0816	0.0773	0.2304	0.2215
0.0018	0.0018	0.0023	0.0078	0.0097
0.0643	0.0631	0.0612	0.3171	0.3162
0.0706	0.0790	0.0762	0.3996	0.3060
0.0642	0.0648	0.0253	0.1041	0.1031
0.1459	0.0814	0.1092	0.5046	0.4636
0.0467	0.0446	0.0429	0.1683	0.1676
0.0832	0.0836	0.0769	0.3819	0.3717
0.0366	0.0380	0.0337	0.1485	0.1602
0.0102	0.0091	0.0075	0.0141	0.0180
0.0425	0.0441	0.0431	0.2400	0.1738
0.0892	0.1109	0.0717	0.4338	0.5589
0.0985	0.0885	0.0713	0.3207	0.3524
0.0804	0.0489	0.0448	0.1473	0.1349
0.1267	0.0747	0.0757	0.2898	0.3192

**Allen County Public Library
Principal Taxpayers
Current Year and Nine Years Ago**

Principal Taxpayers - Name	2010			2001		
	Taxable Assessed Valuation (1)	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation (2)	Rank	Percent of Total Taxable Assessed Valuation
GGP-Glenbrook-LLC	\$ 199,625,930	1	1.5 %	\$ -		0.0 %
Verizon North Inc (3)	183,280,190	2	1.4	154,841,250	2	1.6
General Motors Corp.	159,649,180	3	1.2	260,432,490	1	2.7
Indiana Michigan Power	143,566,840	4	1.1	101,938,770	4	1.1
IOM Health Systems	133,036,420	5	1.0	43,744,200	9	0.5
Parkview Health Systems, Inc	89,452,740	6	0.7			
Walmart Stores East LP/RE Bus	79,651,790	7	0.6			
IMI Jefferson Pointe LLC	65,376,560	8	0.5			
Regency Canterbury LP	58,562,100	9	0.4			
St Joseph Health System LLC	58,184,970	10	0.4			
Dana Corporation				116,178,420	3	1.2
Uniroyal BF Goodrich				74,272,320	5	0.8
Lake County Trust/Landau & Hayden				56,645,310	6	0.6
General Electric Company				48,284,460	7	0.5
Northern Indiana Public Service Co.				46,425,030	8	0.5
Slater Steel				42,429,780	10	0.4
Total of Ten Largest Taxpayers	\$1,170,386,720		8.9 %	\$ 945,192,030		10.5 %

(1) Represents assessed valuations for taxes due and payable in 2010.

(2) Represents assessed valuations for taxes due and payable in 2001.

(3) Formerly named General Telephone Operations during 2001.

Source: Allen County Auditor's Office.

ALLEN COUNTY PUBLIC LIBRARY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

<u>Year</u>	<u>General Fund</u>			<u>Debt Service Fund</u>		
	<u>Tax Levied</u>	<u>Tax Collected (A)</u>	<u>% (A)</u>	<u>Tax Levied</u>	<u>Tax Collected (A)</u>	<u>% (A)</u>
2010	\$ 18,305,670	\$ 16,916,627	92.41%	\$ 6,228,649	\$ 5,756,678	92.42%
2009	17,778,913	17,073,666	96.03%	6,156,796	5,913,291	96.04%
2008	17,086,805	16,964,977	99.29%	6,371,888	6,327,164	99.30%
2007	16,477,252	16,464,677	99.92%	6,749,718	6,745,265	99.93%
2006	15,847,160	15,761,401	99.46%	6,749,456	6,713,738	99.47%
2005	15,256,563	15,063,614	98.74%	6,743,540	6,659,087	98.75%
2004	14,623,627	14,279,669	97.65%	5,485,636	5,356,611	97.65%
2003	13,975,405	13,964,743	99.92%	6,745,766	6,741,598	99.94%
2002	13,270,028	13,218,709	99.61%	6,170,713	6,147,423	99.62%
2001	12,738,836	12,988,289	101.96%	1,034,079	1,054,394	101.96%

NOTE:

(A) Property taxes collected include the portion of prior year delinquencies collected in the current year and will account for why some years collections are greater than levied. No penalties or interest are included. GASB Statement #44 has called for a new report on collections that breaks down the collection figures between current and prior years. At the time of CAFR production, this information was unavailable from the County Auditor's Office.

Property taxes for all units of local government are collected by the County Treasurer and distributed to the units by the County Auditor.

Source: Allen County Auditor's Office

ALLEN COUNTY PUBLIC LIBRARY

Ratios of Outstanding Debt by Type Last Ten Years

Primary Government (Governmental Activities) ^A

<u>Year</u>	<u>General Obligation Bonds</u>	<u>First Mortgage (Lease) Bonds</u>	<u>Participation Certificates</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income^B</u>	<u>Per Capita^B</u>
2010	\$ -	\$ 57,090,000	-	\$ 57,090,000	N/A	\$ 160.67
2009	0	60,825,000	-	60,825,000	N/A	171.88
2008	280,000	64,110,000	-	64,390,000	5.29%	183.70
2007	820,000	67,005,000	-	67,825,000	5.77%	194.07
2006	1,340,000	69,800,000	-	71,140,000	6.29%	204.83
2005	1,845,000	72,515,000	-	74,360,000	6.82%	216.12
2004	2,330,000	75,250,000	-	77,580,000	7.22%	226.73
2003	4,515,000	46,180,000	-	50,695,000	5.03%	152.72
2002	8,820,000	34,000,000	-	42,820,000	4.25%	126.87
2001	11,445,000	-	4,230,000	15,675,000	1.61%	46.78

NOTE:

- (A) The Allen County Public Library has no business-type activities. All activities of the Library (Primary Government) are considered governmental-type activities.
- (B) See Schedule S-13 for personal income and population data. Personal income data for the year 2010 was not available at the time of production.

ALLEN COUNTY PUBLIC LIBRARY

Ratios of General Bonded Debt Outstanding Last Ten Years (amounts expressed in thousands, except per capita)

<u>Year</u>	<u>General Bonded Debt</u> ^A	<u>Less: Amounts Available in Debt Service Funds</u> ^B	<u>Total Primary Government</u>	<u>Percentage of Actual Taxable Value</u> ^C <u>of Property</u>	<u>Per Capita</u> ^D
2010	\$ 57,090	\$ 6,116	\$ 50,974	0.389%	\$ 143.46
2009	60,825	6,924	53,901	0.405%	152.31
2008	64,390	6,669	57,721	0.364%	164.67
2007	67,825	6,387	61,438	0.402%	175.79
2006	71,140	5,622	65,518	0.466%	188.64
2005	74,360	5,217	69,143	0.496%	200.96
2004	77,580	3,734	73,846	0.520%	215.82
2003	50,695	3,071	47,624	0.335%	143.47
2002	42,820	4,521	38,299	0.384%	113.47
2001	15,675	1,321	14,354	0.151%	42.83

NOTE:

- (A) General bonded debt includes all general obligation debt as well as other bonded debt financed with any general governmental resources. For this schedule, it includes all general obligation bonds, first mortgage bonds, and participation certificates.
- (B) This includes resources that are restricted to repaying debt principal.
- (C) See Schedule S-5 for property value data.
- (D) See Schedule S-13 for population data.

**Allen County Public Library
Legal Debt Margin Information
Last Ten Years**
(amounts expressed in thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit ^A	\$ 63,440	\$ 66,566	\$ 94,877	\$ 94,743	\$ 92,886	\$ 93,747	\$ 101,806	\$ 105,670	\$ 88,651	\$ 87,420
Total net debt applicable to limit	\$ 10,480	\$ 7,889	\$ 4,241	\$ 2,218	\$ 1,716	\$ 1,234	\$ 743	\$ 251	\$ -	\$ -
Legal debt margin	\$ 52,960	\$ 58,677	\$ 90,636	\$ 92,525	\$ 91,170	\$ 92,513	\$ 101,063	\$ 105,419	\$ 88,651	\$ 87,420

Total net debt applicable to the limit as a percentage of debt limit	16.52%	11.85%	4.47%	2.34%	1.85%	1.32%	0.73%	0.24%	0.00%	0.00%
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Legal Debt Margin Calculation for Fiscal Year 2010

Market value	\$ 13,112,944
Assessed value for debt calculation ^B	\$ 4,370,981
Debt limit (2%)	\$ 87,420
Debt applicable to limit:	
General obligation bonds	\$ -
Less: Amount set aside for repayment of general obligation debt ^C	\$ -
Total net debt applicable to limit	\$ -
Legal debt margin	\$ 87,420

NOTE:

(A) The statutory debt limit for a municipal corporation is 2% of the assessed value. The 2% limit does not apply to any debt that is incurred by a building corporation for constructing facilities to be leased to a municipal corporation at a payment level that will at least cover the corporation's annual debt service requirements. Consequently, for this report, only General Obligation Bonds are subject to the debt limitations.

(B) The assessed value for debt limit calculations is 1/3rd of market value.

(C) The applicable portion of the debt service amounts attributable to General Obligation Bonds.

ALLEN COUNTY PUBLIC LIBRARY

Demographic and Economic Statistics Last Ten Years

<u>Year</u>	<u>Population ^A</u>	<u>Personal Income (Thousands) ^B</u>	<u>Per Capita Personal Income ^C</u>	<u>Unemployment Rate</u>
2010	355,329	N/A	N/A	9.4 %
2009	353,888	\$ 12,059,652	\$ 34,078	10.2
2008	350,523	\$ 12,167,830	\$ 34,652	8.1
2007	349,488	11,752,526	33,698	4.6
2006	347,316	11,304,246	32,658	4.9
2005	344,066	10,910,601	31,722	5.2
2004	342,168	10,741,515	30,664	5.2
2003	331,937	10,077,558	29,645	5.3
2002	337,513	10,065,472	29,829	5.0
2001	335,107	9,762,808	29,133	4.1

NOTE:

- (A) 2010 population is actual U.S. Census count. All other years are July 1 intercensal estimates. Source: U.S. Census Bureau.
- (B) 2010 Personal Income data was unavailable at the time of production. Source: U.S. Department of Commerce, Bureau of Economic Analysis.
- (C) Source: U.S. Department of Labor, Bureau of Labor Statistics.

**Allen County Public Library
Principal Employers
Current Year and Nine Years Ago**

Principal Employers - Name	2010			2001		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Fort Wayne Community Schools	4,159	1	2.4 %	3,578	1	2.2 %
Lutheran Health Network	3,756	2	2.2	1,524	7	0.9
General Motors - Truck & Bus Group	3,341	3	1.9	3,010	2	1.8
Parkview Memorial Hospital	3,210	4	1.9	2,376	3	1.5
The City of Fort Wayne	2,003	5	1.2	1,671	5	1.0
Lincoln Financial Group	1,750	6	1.0	1,400	10	0.8
Allen County Government	1,605	7	0.9	1,548	6	0.9
BF Goodrich	1,584	8	0.9			
ITT Aerospace - Communications Div.	1,581	9	0.9	1,412	9	0.9
East Allen County Schools	1,307	10	0.8			
Verizon North, Inc				2,186	4	1.3
Shambaugh & Sons				1,500	8	0.9
Total of Ten Largest Taxpayers	24,296		14.1 %	20,205		12.2 %

Source: Community Research Institute of IPFW and the Bureau of Labor Statistics.

ALLEN COUNTY PUBLIC LIBRARY

Miscellaneous 2010 Census Data ^A

	<u>Allen County</u>		<u>City of Fort Wayne</u>		<u>City as % of Co</u>
<u>2010 Population:</u>	355,329		253,691		71.4%
By Sex:					
Male	173,221	48.7%	122,783	48.4%	70.9%
Female	182,108	51.3%	130,908	51.6%	71.9%
By Race:					
White	281,653	79.3%	186,763	73.6%	66.3%
Black	41,618	11.7%	39,085	15.4%	93.9%
American Indian, Eskimo, or Aleut	1,246	0.4%	939	0.4%	75.4%
Asian or Pacific Islander	9,910	2.8%	8,533	3.4%	86.1%
Other race	10,455	2.9%	9,441	3.7%	90.3%
Two or more races	10,447	2.9%	8,930	3.5%	85.5%
By Hispanic Origin:					
Mexican	17,596	5.0%	15,545	6.1%	88.3%
Puerto Rican	1,119	0.3%	939	0.4%	83.9%
Cuban	226	0.1%	174	0.1%	77.0%
Other Hispanic	4,152	1.2%	3,542	1.4%	85.3%
Not of Hispanic Origin	332,236	93.5%	233,491	92.0%	70.3%

2010 Income Data

Family Income in 2009:					
Less than \$10,000	3,694	4.1%	3,517	4.9%	95.2%
\$10,000 to \$14,999	2,913	3.2%	2,757	3.8%	94.6%
\$15,000 to \$24,999	7,183	8.0%	6,209	8.6%	86.4%
\$25,000 to \$34,999	9,132	10.2%	8,134	11.2%	89.1%
\$35,000 to \$49,999	13,066	14.6%	10,953	15.1%	83.8%
\$50,000 to \$74,999	21,846	24.3%	17,192	23.8%	78.7%
\$75,000 to \$99,999	14,424	16.1%	10,777	14.9%	74.7%
\$100,000 to \$149,999	12,023	13.4%	8,844	12.2%	73.6%
\$150,000 to \$199,999	2,813	3.1%	1,982	2.7%	70.5%
\$200,000 or more	2,685	3.0%	2,000	2.8%	74.5%

NOTE

(A) The City of Fort Wayne data is a subset of Allen County data.

Source: Allen County Public Library as extracted from the 2010 US Census

ALLEN COUNTY PUBLIC LIBRARY

Age Distribution by Township for Allen County, Indiana

Age ranges:	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-34</u>	<u>35-44</u>	<u>45-54</u>
Townships								
Aboite	2,205	2,436	2,576	2,115	1,195	3,050	4,473	4,959
Adams	2,138	2,143	2,299	2,142	2,156	3,789	3,888	4,525
Cedar Creek	775	933	1,252	956	664	824	1,900	1,784
Eel River	234	330	429	287	120	305	787	522
Jackson	45	83	76	32	52	92	188	220
Jefferson	134	222	180	182	204	254	426	498
Lafayette	174	196	363	174	166	488	427	754
Lake	109	250	179	152	131	222	568	505
Madison	234	249	225	318	27	224	562	544
Marion	204	244	366	457	203	285	660	909
Maumee	163	203	248	264	231	496	396	592
Milan	401	472	359	402	259	254	951	727
Monroe	127	206	237	262	149	318	401	431
Perry	1,501	1,875	1,842	1,411	568	2,570	3,225	3,143
Pleasant	274	287	311	317	151	472	572	737
St. Joseph	5,317	4,724	4,909	4,922	5,306	10,734	9,100	9,696
Scipio	30	49	34	0	52	0	77	79
Springfield	489	509	508	388	306	778	544	590
Washington	2,719	2,250	1,787	1,764	2,775	5,151	4,627	5,090
Wayne	9,563	8,465	7,344	7,679	7,940	18,387	13,991	14,078
TOTAL	26,836	26,126	25,524	24,224	22,655	48,693	47,763	50,383
Above data presented as percents for each township								
Aboite	7.35%	8.12%	8.59%	7.05%	3.98%	10.17%	14.91%	16.53%
Adams	6.67%	6.69%	7.17%	6.68%	6.73%	11.82%	12.13%	14.12%
Cedar Creek	6.84%	8.24%	11.05%	8.44%	5.86%	7.27%	16.77%	15.75%
Eel River	5.90%	8.32%	10.82%	7.24%	3.03%	7.69%	19.85%	13.17%
Jackson	4.32%	7.97%	7.30%	3.07%	5.00%	8.84%	18.06%	21.13%
Jefferson	4.75%	7.87%	6.38%	6.45%	7.23%	9.00%	15.10%	17.65%
Lafayette	4.92%	5.55%	10.27%	4.92%	4.70%	13.81%	12.09%	21.34%
Lake	3.88%	8.91%	6.38%	5.42%	4.67%	7.91%	20.24%	17.99%
Madison	8.60%	9.15%	8.27%	11.68%	0.99%	8.23%	20.65%	19.99%
Marion	4.54%	5.43%	8.14%	10.17%	4.52%	6.34%	14.68%	20.22%
Maumee	4.91%	6.12%	7.47%	7.96%	6.96%	14.95%	11.93%	17.84%
Milan	8.61%	10.14%	7.71%	8.63%	5.56%	5.46%	20.43%	15.61%
Monroe	4.56%	7.40%	8.51%	9.41%	5.35%	11.42%	14.40%	15.48%
Perry	7.64%	9.55%	9.38%	7.18%	2.89%	13.08%	16.42%	16.00%
Pleasant	6.34%	6.64%	7.19%	7.33%	3.49%	10.92%	13.23%	17.05%
St. Joseph	7.40%	6.58%	6.83%	6.85%	7.39%	14.94%	12.67%	13.50%
Scipio	5.14%	8.39%	5.82%	0.00%	8.90%	0.00%	13.18%	13.53%
Springfield	10.27%	10.69%	10.67%	8.15%	6.43%	16.34%	11.43%	12.39%
Washington	8.03%	6.65%	5.28%	5.21%	8.20%	15.21%	13.67%	15.03%
Wayne	8.84%	7.83%	6.79%	7.10%	7.34%	17.01%	12.94%	13.02%
TOTAL	7.70%	7.49%	7.32%	6.95%	6.50%	13.97%	13.70%	14.45%

Source: Allen County Public Library as extracted from 2009 American Community Survey.
 At time of production, 2010 Census data was unavailable for township level reporting.

<u>55-59</u>	<u>60-64</u>	<u>65-74</u>	<u>75-84</u>	<u>85+</u>	<u>Total</u>	<u>% of County</u>
2,271	1,631	1,733	1,109	247	30,000	8.6%
1,594	1,427	2,077	1,977	1,895	32,050	9.2%
713	408	639	313	168	11,329	3.2%
345	301	199	87	19	3,965	1.1%
123	44	86	0	0	1,041	0.3%
119	105	320	152	25	2,821	0.8%
208	200	227	105	51	3,533	1.0%
105	193	263	95	35	2,807	0.8%
96	35	103	58	47	2,722	0.8%
401	180	383	162	41	4,495	1.3%
170	98	255	131	71	3,318	1.0%
147	236	188	179	81	4,656	1.3%
149	145	211	116	33	2,785	0.8%
1,088	740	1,072	487	121	19,643	5.6%
389	186	341	214	72	4,323	1.2%
4,534	3,401	4,123	3,394	1,672	71,832	20.6%
91	57	60	43	12	584	0.2%
213	187	148	85	16	4,761	1.4%
2,166	1,700	2,106	1,286	438	33,859	9.7%
5,992	4,193	5,410	3,701	1,376	108,119	31.0%
20,914	15,467	19,944	13,694	6,420	348,643	100.0%
7.57%	5.44%	5.78%	3.70%	0.82%	100.00%	
4.97%	4.45%	6.48%	6.17%	5.91%	100.00%	
6.29%	3.60%	5.64%	2.76%	1.48%	100.00%	
8.70%	7.59%	5.02%	2.19%	0.48%	100.00%	
11.82%	4.23%	8.26%	0.00%	0.00%	100.00%	
4.22%	3.72%	11.34%	5.39%	0.89%	100.00%	
5.89%	5.66%	6.43%	2.97%	1.44%	100.00%	
3.74%	6.88%	9.37%	3.38%	1.25%	100.00%	
3.53%	1.29%	3.78%	2.13%	1.73%	100.00%	
8.92%	4.00%	8.52%	3.60%	0.91%	100.00%	
5.12%	2.95%	7.69%	3.95%	2.14%	100.00%	
3.16%	5.07%	4.04%	3.84%	1.74%	100.00%	
5.35%	5.21%	7.58%	4.17%	1.18%	100.00%	
5.54%	3.77%	5.46%	2.48%	0.62%	100.00%	
9.00%	4.30%	7.89%	4.95%	1.67%	100.00%	
6.31%	4.73%	5.74%	4.72%	2.33%	100.00%	
15.58%	9.76%	10.27%	7.36%	2.05%	100.00%	
4.47%	3.93%	3.11%	1.79%	0.34%	100.00%	
6.40%	5.02%	6.22%	3.80%	1.29%	100.00%	
5.54%	3.88%	5.00%	3.42%	1.27%	100.00%	
6.00%	4.44%	5.72%	3.93%	1.84%	100.00%	

Allen County Public Library
Full-Time Equivalent Employees by Function/Division
Last Ten Years

Full-Time Equivalent Employees as of December 31

Function/Division	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Services										
Main Library Operations	104.925	108.05	109.55	110.375	113	116.325	116.225	106.15	111.2	110.9
Branch Library Operations	80.725	80.825	80.825	82.475	87.025	87.825	88.95	85	78.925	79.525
Circulation Services	24.425	20.3	20.3	20.3	20.3	20.3	20.3	18	18	18
Total Public Services	210.075	209.175	210.675	213.15	220.325	224.45	225.475	209.15	208.125	208.425
Administration and Support										
Administration	18.75	16.75	18.75	18.75	18.75	18.75	18.75	17.25	17.25	17.25
Properties	43.025	47.65	46.9	48.65	50.9	59.475	60	52.125	51.75	52.125
Technical Services	25.575	25.575	26.575	25.575	25.575	25.575	26.175	22.675	21.675	21.675
Information Technology	14.5	14.5	14.5	15.5	15.5	15.5	16.5	15	15	14
Total Administration and Support	101.85	104.475	106.725	108.475	110.725	119.3	121.425	107.05	105.675	105.05
Total	311.925	313.65	317.4	321.625	331.05	343.75	346.9	316.2	313.8	313.475

Allen County Public Library Key Operating Indicators Last Ten Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Circulation ^A										
Total circulation	4,650,258	4,966,143	4,884,801	5,092,027	5,405,090	5,667,564	6,057,823	6,438,274	7,413,746	7,831,650
Per capita	13.9	14.8	14.6	15.2	16.1	16.9	18.1	18.9	21.8	23.0
Patron Visits										
Total patron visits	2,161,374	2,196,735	1,965,533	2,119,622	2,506,718	2,747,102	3,037,980	3,114,620	3,166,688	2,992,197
Per capita	6.5	6.6	5.9	6.3	7.5	8.2	9.1	9.2	9.3	8.8
Patron Service Units ^B										
Total patron service units	8,233,262	8,413,015	8,365,563	8,924,556	9,729,064	9,939,109	11,230,362	13,742,439	23,074,824	24,638,651
Per capita	24.6	25.1	25.0	26.6	29.0	29.7	33.5	40.4	67.8	72.4
Patron service units/hour	2,626	2,772	2,908	2,800	2,994	2,995	2,995	4,119	6,793	7,284
Cost per patron service unit	\$ 2.19	\$ 2.35	\$ 2.36	\$ 2.33	\$ 2.16	\$ 2.11	\$ 1.97	\$ 1.61	\$ 0.96	\$ 0.95
Library Material Holdings ^C										
Total Material Holdings	4,728,792	4,900,925	5,181,710	5,506,651	5,739,835	6,037,670	6,505,783	6,729,174	6,913,428	7,215,192
Per capita	14.1	14.5	15.6	16.1	16.7	17.4	18.6	19.2	19.7	20.3

NOTE:

(A) Circulation includes all materials that have been checked-out to patrons throughout the Library system. It would include, but not be limited to, books, periodicals, audio materials, visual materials, computer software, and support equipment.

(B) The Patron Service Unit is an output measure developed by the Allen County Public Library in the 1980's that weights each kind of interaction the library has with patrons and combines them to get a sense of the overall impact on the community. They measure not only what the impact is on the patron, but also the amount of work it takes to get that output. The formula includes factors such as materials circulated, non-circulating material usage, data base usage, reference questions answered and research performed, library program attendance, non-library program attendance (i.e. meeting room use), and other relevant factors. In 2009, the formula was adjusted to expand the definition and measurement of reference questions and to include the expanding use of our continually growing digitized collections.

(C) Library material holdings include all print and non-print (i.e. microfilms, microfiche, maps, etc.) items and include all items whether cataloged and/or non-circulating (reference) in nature.

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

AUDIT REPORT

OF

ALLEN COUNTY PUBLIC LIBRARY

ALLEN COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
07/25/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jeffrey R. Krull	01-01-10 to 12-31-11
Treasurer	David K. Sedestrom	01-01-10 to 12-31-11
President of the Board of Trustees	Delores J. Klocke John P. Gerni	01-01-10 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

TO: THE OFFICIALS OF ALLEN COUNTY PUBLIC LIBRARY, ALLEN COUNTY

We have audited the records of the Allen County Public Library for the period from January 1, 2010 to December 31, 2010, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result(s) and Comment(s). The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of Allen County Public Library for the year 2010.

STATE BOARD OF ACCOUNTS

June 2, 2011

ALLEN COUNTY PUBLIC LIBRARY
AUDIT RESULT(S) AND COMMENT(S)

ADVANCE PAYMENTS

On January 14, 2011, the Library made an advance payment of \$300,000 to Overdrive, Inc., for future content purchases of ebooks.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ALLEN COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 2, 2011, with David K. Sedestrom, Treasurer; Alan McMahan, Secretary of the Board of Trustees; and Jeffrey R. Krull, Director. The Official Response has been made a part of this report and may be found on page 6.



ALLEN COUNTY PUBLIC LIBRARY

PO Box 2270 • Fort Wayne, IN • 46801-2270 • Jeffrey R. Krull, Director

June 2, 2011

Mr. Bruce Hartman, C.P.A.
State Examiner
State Board of Accounts
302 West Washington Street – Room E418
Indianapolis, IN 46204-2765

RE: Official Response

Dear Mr. Hartman,

Please allow this letter to serve as our official response to the audit results and comments issued during the recent audit of the Allen County Public Library (Library) for the period ending December 31, 2010. During the audit it was discovered that on January 14, 2011, the Library made an advance payment of \$300,000 to Overdrive, Inc for future content purchases of e-books. As was noted, compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods and services which are not received may be the personal obligation of the responsible official or employee (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4).

The Library agrees with the comment and has implemented stronger internal controls which will preclude this from happening in the future. In addition, once the advance payment was discovered, a request was made from Overdrive, Inc to return all unused amounts remaining from the initial \$300,000 payment. A reconciliation of the e-book account was performed and on April 19, 2011, a check in the amount of \$179,393.97 was received from Overdrive, Inc representing the remaining balance. This check was deposited into the Library General fund and will be used for future library material purchases.

Sincerely,

David K. Sedestrom
Financial Manager, Treasurer