

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ATTICA PUBLIC LIBRARY

FOUNTAIN COUNTY, INDIANA

January 1, 2009 to December 31, 2010



**FILED**  
11/16/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-17
Schedule of Capital Assets.....	18
Schedule of Long-Term Debt .....	19
Exit Conference.....	20

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Norma Fink	01-01-09 to 12-31-11
Treasurer	Brad Gayler	01-01-09 to 12-31-11
President of the Board	Tom Norush	01-01-09 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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ATTICA PUBLIC LIBRARY, FOUNTAIN COUNTY, INDIANA

We have examined the financial statements of the Attica Public Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statements. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Library's management and Library Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 12, 2011

(This page intentionally left blank.)

## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by the management of the Library. The financial statements and notes are presented as intended by the Library.

ATTICA PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operatng	\$ 9,553	\$ 207,988	\$ 188,447	\$ 29,094
Gift	51,955	2,887	10,491	44,351
Rainy Day	9,294	16,936	12,482	13,748
Lost Books	306	175	31	450
Levy Excess	2	-	-	2
E-Rate Fund	-	1,220	1,131	89
Bond And Interest Redemption	15,107	120,890	98,082	37,915
Library Capital Projects	8,204	26,674	12,758	22,120
Library Improvement Reserve	25,728	2,008	-	27,736
Payroll	-	18,157	18,157	-
Totals	<u>\$ 120,149</u>	<u>\$ 396,935</u>	<u>\$ 341,579</u>	<u>\$ 175,505</u>

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

ATTICA PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operatng	\$ 29,094	\$ 227,763	\$ 213,253	\$ 43,604
Gift	44,351	5,332	16,101	33,582
Rainy Day	13,748	23,163	18,000	18,911
Lost Books	450	175	127	498
Levy Excess	2	756	-	758
E-Rate Fund	89	1,576	1,397	268
Bond And Interest Redemption	37,915	113,331	98,069	53,177
Library Capital Projects	22,120	-	22,120	-
Library Improvement Reserve	27,736	2,009	3,765	25,980
Payroll	-	21,428	21,428	-
Totals	<u>\$ 175,505</u>	<u>\$ 395,533</u>	<u>\$ 394,260</u>	<u>\$ 176,778</u>

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

ATTICA PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and provides culture services.

The accompanying financial statements present the financial information for the Library (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution

ATTICA PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

ATTICA PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*F. Interfund Transfers*

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

ATTICA PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statutes authorize the Library to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Library may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Library by recording as a disbursement and replacement items purchased.

(This page intentionally left blank.)

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Report(s) of the Library which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Library. It is presented as intended by the Library.

ATTICA PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	Operatng	Gift	Rainy Day	Lost Books	Levy Excess	E-Rate Fund
Cash and investments - beginning	\$ 9,553	\$ 51,955	\$ 9,294	\$ 306	\$ 2	\$ -
Receipts:						
Taxes	108,101	-	-	-	-	-
Intergovernmental	84,848	-	4,454	-	-	-
Charges for services	2,059	-	-	-	-	-
Fines and forfeits	1,326	-	-	-	-	-
Other receipts	11,654	2,887	12,482	175	-	1,220
Total receipts	<u>207,988</u>	<u>2,887</u>	<u>16,936</u>	<u>175</u>	<u>-</u>	<u>1,220</u>
Disbursements:						
Personal services	110,147	-	-	-	-	-
Supplies	6,540	1,561	-	-	-	-
Other services and charges	35,245	7,961	-	-	-	1,131
Capital outlay	25,115	969	-	31	-	-
Other disbursements	11,400	-	12,482	-	-	-
Total disbursements	<u>188,447</u>	<u>10,491</u>	<u>12,482</u>	<u>31</u>	<u>-</u>	<u>1,131</u>
Excess (deficiency) of receipts over disbursements	<u>19,541</u>	<u>(7,604)</u>	<u>4,454</u>	<u>144</u>	<u>-</u>	<u>89</u>
Cash and investments - ending	<u>\$ 29,094</u>	<u>\$ 44,351</u>	<u>\$ 13,748</u>	<u>\$ 450</u>	<u>\$ 2</u>	<u>\$ 89</u>

ATTICA PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Bond And Interest Redemption	Library Capital Projects	Library Improvement Reserve	Payroll	Totals
Cash and investments - beginning	\$ 15,107	\$ 8,204	\$ 25,728	\$ -	\$ 120,149
Receipts:					
Taxes	107,573	24,075	2,000	-	241,749
Intergovernmental	12,236	2,599	-	-	104,137
Charges for services	-	-	-	-	2,059
Fines and forfeits	-	-	-	-	1,326
Other receipts	1,081	-	8	18,157	47,664
Total receipts	<u>120,890</u>	<u>26,674</u>	<u>2,008</u>	<u>18,157</u>	<u>396,935</u>
Disbursements:					
Personal services	-	-	-	-	110,147
Supplies	-	-	-	-	8,101
Other services and charges	97,000	7,750	-	-	149,087
Capital outlay	-	5,008	-	-	31,123
Other disbursements	1,082	-	-	18,157	43,121
Total disbursements	<u>98,082</u>	<u>12,758</u>	<u>-</u>	<u>18,157</u>	<u>341,579</u>
Excess (deficiency) of receipts over disbursements	<u>22,808</u>	<u>13,916</u>	<u>2,008</u>	<u>-</u>	<u>55,356</u>
Cash and investments - ending	<u>\$ 37,915</u>	<u>\$ 22,120</u>	<u>\$ 27,736</u>	<u>\$ -</u>	<u>\$ 175,505</u>

ATTICA PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Operatng	Gift	Rainy Day	Lost Books	Levy Excess	E-Rate Fund
Cash and investments - beginning	\$ 29,094	\$ 44,351	\$ 13,748	\$ 450	\$ 2	\$ 89
Receipts:						
Taxes	103,240	-	-	-	-	-
Intergovernmental	84,482	-	5,163	-	-	-
Charges for services	5,335	-	-	-	-	-
Fines and forfeits	1,671	-	-	-	-	-
Other receipts	33,035	5,332	18,000	175	756	1,576
Total receipts	<u>227,763</u>	<u>5,332</u>	<u>23,163</u>	<u>175</u>	<u>756</u>	<u>1,576</u>
Disbursements:						
Personal services	124,784	-	-	-	-	-
Supplies	6,638	3,573	-	-	-	-
Other services and charges	42,340	11,727	-	-	-	1,397
Capital outlay	21,358	801	-	127	-	-
Other disbursements	18,133	-	18,000	-	-	-
Total disbursements	<u>213,253</u>	<u>16,101</u>	<u>18,000</u>	<u>127</u>	<u>-</u>	<u>1,397</u>
Excess (deficiency) of receipts over disbursements	<u>14,510</u>	<u>(10,769)</u>	<u>5,163</u>	<u>48</u>	<u>756</u>	<u>179</u>
Cash and investments - ending	<u>\$ 43,604</u>	<u>\$ 33,582</u>	<u>\$ 18,911</u>	<u>\$ 498</u>	<u>\$ 758</u>	<u>\$ 268</u>

ATTICA PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Bond And Interest Redemption	Library Capital Projects	Library Improvement Reserve	Payroll	Totals
Cash and investments - beginning	\$ 37,915	\$ 22,120	\$ 27,736	\$ -	\$ 175,505
Receipts:					
Taxes	104,506	-	2,000	-	209,746
Intergovernmental	8,825	-	-	-	98,470
Charges for services	-	-	-	-	5,335
Fines and forfeits	-	-	-	-	1,671
Other receipts	-	-	9	21,428	80,311
Total receipts	<u>113,331</u>	<u>-</u>	<u>2,009</u>	<u>21,428</u>	<u>395,533</u>
Disbursements:					
Personal services	-	-	-	-	124,784
Supplies	-	-	-	-	10,211
Other services and charges	98,000	-	-	-	153,464
Capital outlay	-	7,371	3,765	-	33,422
Other disbursements	69	14,749	-	21,428	72,379
Total disbursements	<u>98,069</u>	<u>22,120</u>	<u>3,765</u>	<u>21,428</u>	<u>394,260</u>
Excess (deficiency) of receipts over disbursements	<u>15,262</u>	<u>(22,120)</u>	<u>(1,756)</u>	<u>-</u>	<u>1,273</u>
Cash and investments - ending	<u>\$ 53,177</u>	<u>\$ -</u>	<u>\$ 25,980</u>	<u>\$ -</u>	<u>\$ 176,778</u>

ATTICA PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 1,031,367
Improvements other than buildings	19,045
Equipment and Media	<u>446,283</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,496,695</u>

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

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Library Building	\$ 493,000	\$ 99,000
Total governmental activities debt	<u>\$ 493,000</u>	<u>\$ 99,000</u>

ATTICA PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2011, with Brad Gayler, Treasurer, and Norma Fink, Director. Our examination disclosed no material items that warrant comment at this time.