

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

ADAMS PUBLIC LIBRARY SYSTEM

ADAMS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
09/26/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kelly A. Ehinger	01-01-10 to 12-31-12
Treasurer	Andrew J. Briggs	01-01-10 to 12-31-12
President of the Board	G. Medford Smith	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ADAMS PUBLIC LIBRARY SYSTEM, ADAMS COUNTY, INDIANA

We have examined the financial statements of the Adams Public Library System (Library), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Capital Assets, 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, Library Board, and others within the entity 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

July 27, 2012

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FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 391,987	\$ 703,727	\$ 691,734	\$ 403,980
PLAC	60	380	290	150
State Technology Grant	6,742	6,871	6,743	6,870
Gift	3,241	3,852	2,649	4,444
Grants - Geneva	(475)	13,404	12,287	642
Rainy Day	26,300	4,930	-	31,230
Brogdon Estate - Geneva	45,598	-	-	45,598
Building Gift - Geneva	314	3,172	3,300	186
Book Gift - Geneva	242	656	321	577
Levy Excess	185	1,468	-	1,653
Library Improvement Reserve	264,607	-	46,284	218,323
Payroll	1,926	82,829	82,538	2,217
Totals	<u>\$ 740,727</u>	<u>\$ 821,289</u>	<u>\$ 846,146</u>	<u>\$ 715,870</u>

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

ADAMS PUBLIC LIBRARY SYSTEM
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating	\$ 403,980	\$ 694,604	\$ 736,085	\$ 362,499
Rainy Day	31,230	-	-	31,230
Levy Excess	1,653	-	1,468	185
Library Improvement Reserve	218,323	24,020	27,122	215,221
Unemployment Insurance	-	24,717	-	24,717
LSTA Grant	-	28,324	28,324	-
PLAC	150	200	250	100
State Technology Grant	6,870	7,736	8,506	6,100
Gift	4,444	4,330	3,893	4,881
Grants - Geneva	642	5,100	5,296	446
Brogdon Estate - Geneva	45,598	-	-	45,598
Building Gift - Geneva	186	229	186	229
Book Gift - Geneva	577	937	1,442	72
Friends - Cookbooks	-	25	25	-
Payroll	2,217	81,548	81,592	2,173
Totals	<u>\$ 715,870</u>	<u>\$ 871,770</u>	<u>\$ 894,189</u>	<u>\$ 693,451</u>

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

ADAMS PUBLIC LIBRARY SYSTEM
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.

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 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.

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 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.

ADAMS PUBLIC LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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.

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.

ADAMS PUBLIC LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 any replacement items purchased.

ADAMS PUBLIC LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Library's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 Reports 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 approved by management of the Library. It is presented as intended by the Library.

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

	Operating	PLAC	State Technology Grant	Gift	Grants - Geneva	Rainy Day	Brogdon Estate - Geneva
Cash and investments - beginning	\$ 391,987	\$ 60	\$ 6,742	\$ 3,241	\$ (475)	\$ 26,300	\$ 45,598
Receipts:							
Taxes	498,685	-	-	-	-	4,930	-
Intergovernmental	145,162	-	6,871	-	11,904	-	-
Fines and forfeits	48,150	-	-	-	-	-	-
Other receipts	11,730	380	-	3,852	1,500	-	-
Total receipts	<u>703,727</u>	<u>380</u>	<u>6,871</u>	<u>3,852</u>	<u>13,404</u>	<u>4,930</u>	<u>-</u>
Disbursements:							
Personal services	484,791	-	-	-	-	-	-
Supplies	15,632	-	-	-	-	-	-
Other services and charges	81,593	-	-	-	-	-	-
Capital outlay	109,718	-	-	-	-	-	-
Other disbursements	-	290	6,743	2,649	12,287	-	-
Total disbursements	<u>691,734</u>	<u>290</u>	<u>6,743</u>	<u>2,649</u>	<u>12,287</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>11,993</u>	<u>90</u>	<u>128</u>	<u>1,203</u>	<u>1,117</u>	<u>4,930</u>	<u>-</u>
Cash and investments - ending	<u>\$ 403,980</u>	<u>\$ 150</u>	<u>\$ 6,870</u>	<u>\$ 4,444</u>	<u>\$ 642</u>	<u>\$ 31,230</u>	<u>\$ 45,598</u>

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

	Building Gift - Geneva	Book Gift - Geneva	Levy Excess	Library Improvement Reserve	Payroll	Totals
Cash and investments - beginning	\$ 314	\$ 242	\$ 185	\$ 264,607	\$ 1,926	\$ 740,727
Receipts:						
Taxes	-	-	1,468	-	-	505,083
Intergovernmental	-	-	-	-	-	163,937
Fines and forfeits	-	-	-	-	-	48,150
Other receipts	3,172	656	-	-	82,829	104,119
Total receipts	3,172	656	1,468	-	82,829	821,289
Disbursements:						
Personal services	-	-	-	-	-	484,791
Supplies	-	-	-	-	-	15,632
Other services and charges	-	-	-	-	-	81,593
Capital outlay	-	-	-	-	-	109,718
Other disbursements	3,300	321	-	46,284	82,538	154,412
Total disbursements	3,300	321	-	46,284	82,538	846,146
Excess (deficiency) of receipts over disbursements	(128)	335	1,468	(46,284)	291	(24,857)
Cash and investments - ending	\$ 186	\$ 577	\$ 1,653	\$ 218,323	\$ 2,217	\$ 715,870

ADAMS PUBLIC LIBRARY SYSTEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Operating	Rainy Day	Levy Excess	Library Improvement Reserve	Unemployment Insurance	LSTA Grant	PLAC	State Technology Grant
Cash and investments - beginning	\$ 403,980	\$ 31,230	\$ 1,653	\$ 218,323	\$ -	\$ -	\$ 150	\$ 6,870
Receipts:								
Taxes	505,922	-	-	-	-	-	-	-
Intergovernmental	125,542	-	-	-	-	28,324	-	7,736
Charges for services	12,295	-	-	-	-	-	200	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	50,845	-	-	24,020	24,717	-	-	-
Total receipts	<u>694,604</u>	<u>-</u>	<u>-</u>	<u>24,020</u>	<u>24,717</u>	<u>28,324</u>	<u>200</u>	<u>7,736</u>
Disbursements:								
Personal services	499,646	-	-	-	-	-	-	-
Supplies	15,413	-	-	-	-	-	-	-
Other services and charges	82,779	-	-	-	-	28,324	250	8,506
Capital outlay	120,479	-	-	27,122	-	-	-	-
Other disbursements	17,768	-	1,468	-	-	-	-	-
Total disbursements	<u>736,085</u>	<u>-</u>	<u>1,468</u>	<u>27,122</u>	<u>-</u>	<u>28,324</u>	<u>250</u>	<u>8,506</u>
Excess (deficiency) of receipts over disbursements	<u>(41,481)</u>	<u>-</u>	<u>(1,468)</u>	<u>(3,102)</u>	<u>24,717</u>	<u>-</u>	<u>(50)</u>	<u>(770)</u>
Cash and investments - ending	<u>\$ 362,499</u>	<u>\$ 31,230</u>	<u>\$ 185</u>	<u>\$ 215,221</u>	<u>\$ 24,717</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 6,100</u>

ADAMS PUBLIC LIBRARY SYSTEM
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Gift	Grants - Geneva	Brogdon Estate - Geneva	Building Gift - Geneva	Book Gift - Geneva	Friends - Cookbooks	Payroll	Totals
Cash and investments - beginning	\$ 4,444	\$ 642	\$ 45,598	\$ 186	\$ 577	\$ -	\$ 2,217	\$ 715,870
Receipts:								
Taxes	-	-	-	-	-	-	-	505,922
Intergovernmental	-	3,900	-	-	-	-	-	165,502
Charges for services	-	-	-	-	-	-	-	12,495
Fines and forfeits	-	-	-	-	-	25	-	25
Other receipts	4,330	1,200	-	229	937	-	81,548	187,826
Total receipts	4,330	5,100	-	229	937	25	81,548	871,770
Disbursements:								
Personal services	-	-	-	-	-	-	-	499,646
Supplies	-	-	-	-	-	-	-	15,413
Other services and charges	3,893	5,296	-	186	-	-	-	129,234
Capital outlay	-	-	-	-	1,442	25	-	149,068
Other disbursements	-	-	-	-	-	-	81,592	100,828
Total disbursements	3,893	5,296	-	186	1,442	25	81,592	894,189
Excess (deficiency) of receipts over disbursements	437	(196)	-	43	(505)	-	(44)	(22,419)
Cash and investments - ending	\$ 4,881	\$ 446	\$ 45,598	\$ 229	\$ 72	\$ -	\$ 2,173	\$ 693,451

ADAMS PUBLIC LIBRARY SYSTEM
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 66,442
Buildings	822,500
Improvements other than buildings	310,195
Machinery, equipment and vehicles	2,116,077
Books and other	360,000
 Total capital assets	 \$ 3,675,214

ADAMS PUBLIC LIBRARY SYSTEM
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2012, with Kelly A. Ehinger, Director. Our examination disclosed no material items that warrant comment at this time.