

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

SCOTT COUNTY PUBLIC LIBRARY

SCOTT COUNTY, INDIANA

January 1, 2007 to December 31, 2010



FILED
10/24/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-8
Notes to Financial Statements	9-12
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Capital Assets.....	18
Exit Conference.....	19

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Andrew Rowden Darlene Hall (Interim)	01-01-07 to 09-24-09 09-25-09 to 12-31-11
Treasurer	Darlene Hall Marilyn S. Norton-Carter Gary Moenter	01-01-07 to 09-24-09 09-25-09 to 12-31-10 01-01-11 to 12-31-11
President of the Board	Gary Moenter Berley C. Goodin	01-01-07 to 12-31-09 01-01-10 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statements of Scott County Public Library (Library), for the period of January 1, 2007 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 (Indiana Code 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, 2007, 2008, 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 for the years ended December 31, 2009 and 2010, 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. Combining Schedules of Receipts, Disbursements, and Cash and Investments Balances – Regulatory Basis were not presented for the years ended December 31, 2007 and 2008.

This report is intended solely for the information and use of the Library's management, Board of Trustee's, 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

August 26, 2011

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FINANCIAL STATEMENTS

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

SCOTT COUNTY PUBLIC LIBRARY
STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Operating	\$ 2,075,307	\$ 1,743,411	\$ 1,727,427	\$ 2,091,291
Gift	152,605	2,325	31,654	123,276
Estate of J. Baker Hardy	27,573	113,641	29,387	111,827
Lexington Trust	566	-	566	-
Library Improvement Reserve Fund	69,421	18	-	69,439
Main Library Building	18,746	-	7,210	11,536
Payroll Withholdings	-	78,918	77,792	1,126
Totals	<u>\$ 2,344,218</u>	<u>\$ 1,938,313</u>	<u>\$ 1,874,036</u>	<u>\$ 2,408,495</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Operating	\$ 2,091,291	\$ 934,184	\$ 1,008,391	\$ 2,017,084
Gift	123,276	24,985	57,736	90,525
George W. Watson Memorial Gift	-	876	-	876
Estate of J. Baker Hardy	111,827	-	30	111,797
Gift CD	-	34,093	-	34,093
Marian E. Middleton Trust	-	1,510	-	1,510
Martha Fleenor Trust CD	-	42,124	-	42,124
Books For Babies	-	600	-	600
Martha Fleenor Trust	-	19,336	-	19,336
Library Improvement Reserve Fund	69,439	739	-	70,178
Main Library Building	11,536	-	-	11,536
Payroll Withholdings	1,126	83,351	84,477	-
Totals	<u>\$ 2,408,495</u>	<u>\$ 1,141,798</u>	<u>\$ 1,150,634</u>	<u>\$ 2,399,659</u>

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

SCOTT COUNTY 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
Operating Fund	\$ 2,017,084	\$ 711,007	\$ 645,610	\$ 2,082,481
Gift Fund	90,525	6,212	31,025	65,712
Rainy Day Fund	-	3,365	-	3,365
George W. Watson Memorial Gift	876	-	876	-
J. Baker Hardy Trust	111,797	305	-	112,102
Gift Fund CD	34,093	-	-	34,093
Marian E. Middleton Trust	1,510	669	-	2,179
Martha Fleenor Trust CD	42,124	-	-	42,124
Books For Babies	600	-	-	600
Martha Fleenor Trust	19,336	600	-	19,936
Library Improvement Reserve Fund	70,178	6	10	70,174
Main Library Building Fund	11,536	-	-	11,536
Payroll Withholdings	-	85,398	85,398	-
Totals	<u>\$ 2,399,659</u>	<u>\$ 807,562</u>	<u>\$ 762,919</u>	<u>\$ 2,444,302</u>

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

SCOTT COUNTY 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
Operating Fund	\$ 2,082,481	\$ 879,728	\$ 601,183	\$ 2,361,026
Gift Fund	65,712	10,589	38,149	38,152
Rainy Day Fund	3,365	27,045	-	30,410
J. Baker Hardy Trust	112,102	272	-	112,374
Gift Fund CD	34,093	3,391	-	37,484
Marian E. Middleton Trust	2,179	785	-	2,964
Martha Fleenor Trust CD	42,124	-	-	42,124
Books For Babies	600	-	-	600
Martha Fleenor Trust	19,936	-	-	19,936
Library Improvement Reserve Fund	70,174	10,020	10,016	70,178
Main Library Building Fund	11,536	-	-	11,536
Payroll Withholdings	-	77,688	77,688	-
Totals	<u>\$ 2,444,302</u>	<u>\$ 1,009,518</u>	<u>\$ 727,036</u>	<u>\$ 2,726,784</u>

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

SCOTT COUNTY 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), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of 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 (Indiana Code 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.

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.

SCOTT COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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

SCOTT COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 (Indiana Code 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 (Indiana Code 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.

SCOTT COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 (Indiana Code 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Library authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Stock Investment

The Library owns 678 shares of stock issued by "Community Bank Shares of Indiana, Inc." the parent company of "The Scott County State Bank." The value of the stock as of August 19, 2011, was approximately \$7,000. The stock was issued November 16, 2006, and was a gift to the Library. The stock is not presented on the financial statements.

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/.

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

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

	Operating Fund	Gift Fund	Rainy Day Fund	George W. Watson Memorial Gift	J. Baker Hardy Trust	Gift Fund CD	Marian E. Middleton Trust
Cash and investments - beginning	\$ 2,017,084	\$ 90,525	\$ -	\$ 876	\$ 111,797	\$ 34,093	\$ 1,510
Receipts:							
Taxes	399,899	-	-	-	-	-	-
Intergovernmental	228,060	-	3,365	-	-	-	669
Charges for services	5,107	-	-	-	-	-	-
Fines and forfeits	11,739	-	-	-	-	-	-
Other receipts	<u>66,202</u>	<u>6,212</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>-</u>	<u>-</u>
Total receipts	<u>711,007</u>	<u>6,212</u>	<u>3,365</u>	<u>-</u>	<u>305</u>	<u>-</u>	<u>669</u>
Disbursements:							
Personal services	460,407	-	-	-	-	-	-
Supplies	14,645	2,597	-	-	-	-	-
Other services and charges	118,238	14,642	-	-	-	-	-
Capital outlay	52,309	13,786	-	-	-	-	-
Other disbursements	<u>11</u>	<u>-</u>	<u>-</u>	<u>876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>645,610</u>	<u>31,025</u>	<u>-</u>	<u>876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>65,397</u>	<u>(24,813)</u>	<u>3,365</u>	<u>(876)</u>	<u>305</u>	<u>-</u>	<u>669</u>
Cash and investments - ending	<u>\$ 2,082,481</u>	<u>\$ 65,712</u>	<u>\$ 3,365</u>	<u>\$ -</u>	<u>\$ 112,102</u>	<u>\$ 34,093</u>	<u>\$ 2,179</u>

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

	Martha Fleenor Trust CD	Books For Babies	Martha Fleenor Trust	Library Improvement Reserve Fund	Main Library Building Fund	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 42,124	\$ 600	\$ 19,336	\$ 70,178	\$ 11,536	\$ -	\$ 2,399,659
Receipts:							
Taxes	-	-	-	-	-	-	399,899
Intergovernmental	-	-	-	-	-	-	232,094
Charges for services	-	-	-	-	-	-	5,107
Fines and forfeits	-	-	-	-	-	-	11,739
Other receipts	-	-	600	6	-	85,398	158,723
Total receipts	-	-	600	6	-	85,398	807,562
Disbursements:							
Personal services	-	-	-	-	-	-	460,407
Supplies	-	-	-	-	-	-	17,242
Other services and charges	-	-	-	-	-	-	132,880
Capital outlay	-	-	-	-	-	-	66,095
Other disbursements	-	-	-	10	-	85,398	86,295
Total disbursements	-	-	-	10	-	85,398	762,919
Excess (deficiency) of receipts over disbursements	-	-	600	(4)	-	-	44,643
Cash and investments - ending	\$ 42,124	\$ 600	\$ 19,936	\$ 70,174	\$ 11,536	\$ -	\$ 2,444,302

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

	Operating Fund	Gift Fund	Rainy Day Fund	J. Baker Hardy Trust	Gift Fund CD	Marian E. Middleton Trust	Martha Fleenor Trust CD
Cash and investments - beginning	\$ 2,082,481	\$ 65,712	\$ 3,365	\$ 112,102	\$ 34,093	\$ 2,179	\$ 42,124
Receipts:							
Taxes	605,106	-	-	-	-	-	-
Intergovernmental	232,115	-	27,045	-	-	785	-
Charges for services	5,607	-	-	-	-	-	-
Fines and forfeits	11,592	-	-	-	-	-	-
Other receipts	<u>25,308</u>	<u>10,589</u>	<u>-</u>	<u>272</u>	<u>3,391</u>	<u>-</u>	<u>-</u>
Total receipts	<u>879,728</u>	<u>10,589</u>	<u>27,045</u>	<u>272</u>	<u>3,391</u>	<u>785</u>	<u>-</u>
Disbursements:							
Personal services	408,493	-	-	-	-	-	-
Supplies	17,183	1,288	-	-	-	-	-
Other services and charges	134,761	1,580	-	-	-	-	-
Capital outlay	40,743	35,165	-	-	-	-	-
Other disbursements	<u>3</u>	<u>116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>601,183</u>	<u>38,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>278,545</u>	<u>(27,560)</u>	<u>27,045</u>	<u>272</u>	<u>3,391</u>	<u>785</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,361,026</u>	<u>\$ 38,152</u>	<u>\$ 30,410</u>	<u>\$ 112,374</u>	<u>\$ 37,484</u>	<u>\$ 2,964</u>	<u>\$ 42,124</u>

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

	Books For Babies	Martha Fleenor Trust	Library Improvement Reserve Fund	Main Library Building Fund	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 600	\$ 19,936	\$ 70,174	\$ 11,536	\$ -	\$ 2,444,302
Receipts:						
Taxes	-	-	-	-	-	605,106
Intergovernmental	-	-	-	-	-	259,945
Charges for services	-	-	-	-	-	5,607
Fines and forfeits	-	-	-	-	-	11,592
Other receipts	-	-	10,020	-	77,688	127,268
Total receipts	-	-	10,020	-	77,688	1,009,518
Disbursements:						
Personal services	-	-	-	-	-	408,493
Supplies	-	-	-	-	-	18,471
Other services and charges	-	-	-	-	-	136,341
Capital outlay	-	-	-	-	-	75,908
Other disbursements	-	-	10,016	-	77,688	87,823
Total disbursements	-	-	10,016	-	77,688	727,036
Excess (deficiency) of receipts over disbursements	-	-	4	-	-	282,482
Cash and investments - ending	\$ 600	\$ 19,936	\$ 70,178	\$ 11,536	\$ -	\$ 2,726,784

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 189,500
Buildings	1,342,340
Improvements	102,473
Machinery and equipment	<u>1,266,690</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,901,003</u>

SCOTT COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2011, with Marilyn S. Norton-Carter, former Treasurer; Darlene Hall, Interim Director; and Berley C. Goodin, President of the Board. Our examination disclosed no material items that warrant comment at this time.