

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

EXAMINATION REPORT
OF
TOWN OF AKRON
FULTON COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
03/30/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Jill L. Runkle

01-01-04 to 12-31-07

President of the Town Council

J. Phillip Allen

01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF AKRON, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Akron (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, 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 a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 20, 2007

TOWN OF AKRON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments		Cash and Investments	
	01-01-05	Receipts	Disbursements	12-31-05
Governmental Funds:				
General	\$ 83,881	\$ 351,265	\$ 342,464	\$ 92,682
Motor Vehicle Highway	67,920	71,859	86,200	53,579
Local Road and Street	10,086	4,239	7,350	6,975
Park and Recreation	1,305	579	1,146	738
Law Enforcement Continuing Education	3,814	256	910	3,160
Rainy Day	8,815	-	-	8,815
Community Host Fee	54,260	58,379	48,210	64,429
Levy Excess	-	12,468	-	12,468
Trash	17,712	9,887	9,883	17,716
Lease Rental	6,453	46,985	19,188	34,250
DOC Grant Fund-Fire Truck	-	150,000	150,000	-
Law Enforcement Block Grant	-	10,000	10,000	-
Hike-Bike Trail	6,000	-	5,500	500
Akron Redevelopment Commission Community Square	-	12,147	12,147	-
Cumulative Capital Improvement	7,978	3,327	6,310	4,995
Cumulative Capital Development	38,357	28,224	34,436	32,145
Cumulative Building and Fire Fighting Equipment	5,911	10,428	467	15,872
Park Capital Fund	50	-	-	50
Proprietary Funds:				
Water Utility - Operating	(4,997)	239,027	245,373	(11,343)
Water Utility - Bond and Interest	48,257	78,889	78,303	48,843
Water Utility - Depreciation	50,435	9,964	-	60,399
Water Utility - Customer Deposit	15,861	3,000	2,576	16,285
Water Utility - Improvement	52,019	7,921	7,633	52,307
Wastewater Utility - Operating	(1,121)	175,004	227,179	(53,296)
Wastewater Utility - Bond and Interest	22,732	35,081	35,363	22,450
Wastewater Utility - Depreciation	28,725	7,784	-	36,509
Wastewater Utility - Improvement	5,895	17,785	1,109	22,571
Fiduciary Fund:				
Payroll	1,269	280,794	280,462	1,601
Totals	\$ 531,617	\$ 1,625,292	\$ 1,612,209	\$ 544,700

	Cash and Investments		Cash and Investments	
	01-01-06	Receipts	Disbursements	12-31-06
Governmental Funds:				
General	\$ 92,682	\$ 272,675	\$ 264,411	\$ 100,946
Motor Vehicle Highway	53,579	101,427	55,181	99,825
Local Road and Street	6,975	4,136	-	11,111
Park and Recreation	738	860	1,152	446
Law Enforcement Continuing Education	3,160	364	250	3,274
Rainy Day	8,815	-	-	8,815
Community Host Fee	64,429	33,470	-	97,899
Levy Excess	12,468	-	12,468	-
Trash	17,716	10,677	8,753	19,640
Lease Rental	34,250	5,001	39,251	-
Hike-Bike Trail	500	19,966	3,180	17,286
Cumulative Capital Improvement	4,995	7,637	6,727	5,905
Cumulative Capital Development	32,145	10,441	10	42,576
Cumulative Building and Fire Fighting Equipment	15,872	-	6,870	9,002
Park Capital Fund	50	-	-	50
Proprietary Funds:				
Water Utility - Operating	(11,343)	224,343	234,605	(21,605)
Water Utility - Bond and Interest	48,843	79,011	78,450	49,404
Water Utility - Depreciation	60,399	9,964	-	70,363
Water Utility - Customer Deposit	16,285	3,350	3,000	16,635
Water Utility - Improvement	52,307	5,093	2,244	55,156
Wastewater Utility - Operating	(53,296)	268,066	182,790	31,980
Wastewater Utility - Bond and Interest	22,450	34,338	34,650	22,138
Wastewater Utility - Depreciation	36,509	2,595	-	39,104
Wastewater Utility - Improvement	22,571	-	-	22,571
Fiduciary Fund:				
Payroll	1,601	292,343	291,683	2,261
Totals	\$ 544,700	\$ 1,385,757	\$ 1,225,675	\$ 704,782

The accompanying notes are an integral part of the schedules.

TOWN OF AKRON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

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

TOWN OF AKRON
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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. Subsequent Event

On January 4, 2007, notification for a Community Focus Grant in the amount of \$362,985 was received for the Wastewater Utility for expansion. Construction will include sewage lines and new lift station set to begin in May of 2007.

TOWN OF AKRON
 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)
07-01-03	\$ 92,524	\$ 118,493	\$ (25,969)	78%	\$ 156,217	(17%)
07-01-04	100,152	154,490	(54,338)	65%	185,350	(29%)
07-01-05	111,393	200,064	(88,671)	56%	195,171	(45%)

TOWN OF AKRON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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 completed in the current year has been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 51,091
Buildings	982,829
Improvements other than buildings	91,211
Machinery and equipment	<u>495,634</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>1,620,765</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 4,491
Buildings	644,417
Improvements other than buildings	1,637,865
Machinery and equipment	<u>369,714</u>
 Total Water Utility capital assets	 <u>2,656,487</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	21,512
Buildings	83,727
Improvements other than buildings	1,397,490
Machinery and equipment	<u>237,865</u>
 Total Wastewater Utility capital assets	 <u>1,740,594</u>
 Total business-type activities capital assets	 \$ <u><u>4,397,081</u></u>

TOWN OF AKRON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Waterworks	\$ 1,231,000	\$ 19,000
Wastewater Utility		
Notes and Loans		
Temporary Loan from Waterworks	24,000	8,000
Revenue bonds:		
2001 Wastewater	360,000	15,000
Total Wastewater Utility	384,000	23,000
Total business-type activities long-term debt:	\$ 1,615,000	\$ 42,000

TOWN OF AKRON
EXAMINATION RESULTS AND COMMENTS

HYDRANT RENTAL

The Water Utility has an ordinance concerning hydrant rental for municipal and private hydrants and sprinklers. However, the Water Utility did not bill according to ordinance established by the board.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Water Utility has an ordinance concerning billing rates and charges. However, the Water Utility did not bill customers according to the rate ordinance.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUND SOURCES AND USES

Funds were disbursed from Motor Vehicle Highway Fund for law enforcement expenditures that exceeded the amount allowable by statute.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN FUND BALANCES

The Wastewater Operating Fund was overdrawn in 2005 and the Water Operating Fund was overdrawn in 2005 and 2006.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF AKRON
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2007, with Jill L. Runkle, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 12.

TOWN OF AKRON, INDIANA

OFFICIAL RESPONSE

February 23, 2007

State Board of Accounts
302 West Washington St
Room E418
Indianapolis, IN 46204-2765

Gentlemen:

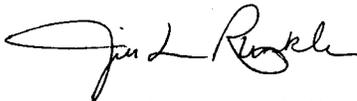
In response to the 2005-2006 audit results, I would like to address the results and comments included in the report.

The Hydrant Rental, Ordinances and Resolutions and Overdrawn Fund Balances will be corrected by the following action. The Town Council has elected to amend the Water Rate Ordinance to increase the rate on July 1, 2007 and July 1, 2008. I overlooked the rate increase for 2006 and they have decided to back the increases off for a year which in turn should correct the overdrawn Water Operating Fund.

The Fund and Sources Use regarding the MVH expenditures for law enforcement will be monitored more closely in the future.

I appreciate these items being drawn to my attention as they allow me to try to be a better clerk treasurer for my town.

Sincerely,



Jill L. Runkle, IAMC, CMC
Clerk-Treasurer