

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

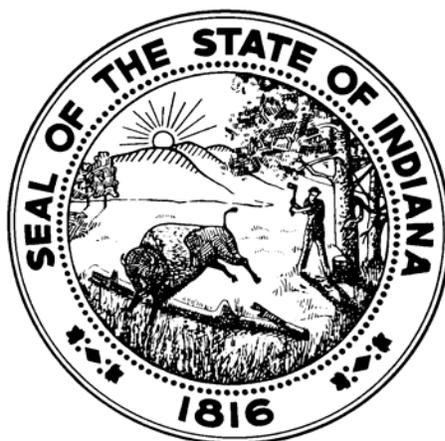
EXAMINATION REPORT

OF

ELKHART PUBLIC LIBRARY

ELKHART COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
04/19/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Connie J. Ozinga	07-01-05 to 06-30-07
Treasurer	J. Scott Troeger	07-01-04 to 06-30-07
President of the Board	Levar L. Johnson Stuart B. Basquin	07-01-04 to 06-30-06 07-01-06 to 06-30-07



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

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Elkhart Public Library (Library), for the period of January 1, 2005 to December 31, 2006. The Library'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 Library 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 Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The Schedule of Capital Assets has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

March 26, 2007

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

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 1,079,730	\$ 7,141,270	\$ 7,112,046	\$ 1,108,954
Gift	5,604	1,903	1,810	5,697
Levy Excess	-	25,724	-	25,724
Library Improvement Reserve	356,000	-	-	356,000
Library Capital Projects	431,270	443,440	589,821	284,889
Fiduciary Funds:				
Payroll	3,610	893,419	891,844	5,185
PLAC	78	225	219	84
Totals	<u>\$ 1,876,292</u>	<u>\$ 8,505,981</u>	<u>\$ 8,595,740</u>	<u>\$ 1,786,533</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 1,108,954	\$ 7,052,433	\$ 6,946,504	\$ 1,214,883
Gift	5,697	1,273	1,788	5,182
Levy Excess	25,724	40,414	25,724	40,414
Library Improvement Reserve	356,000	-	-	356,000
Library Capital Projects	284,889	451,447	406,383	329,953
Fiduciary Funds:				
Payroll	5,185	847,109	854,748	(2,454)
PLAC	84	403	394	93
Totals	<u>\$ 1,786,533</u>	<u>\$ 8,393,079</u>	<u>\$ 8,235,541</u>	<u>\$ 1,944,071</u>

The accompanying notes are an integral part of the schedules.

ELKHART PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides the following services: culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Library 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 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 Library 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 Library 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 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.

ELKHART PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library 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 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% 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

During 2007, the Library plans to purchase property for a new main library building. Also, new buildings for the Pierre Moran and Osolo branch libraries will be constructed. Financing will be through a \$38,000,000 general obligation bond issue and current library funds.

ELKHART PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

As of 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 193,947
Buildings	3,698,801
Improvements other than buildings	131,139
Machinery and equipment	<u>730,263</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,754,150</u>

ELKHART PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

In several instances, receipts were not issued for cash received at the time the money was received. Receipts for desk collections, from all collection points, were summarized on an excel spreadsheet. Receipts were not issued for state and county treasurer distributions, sale of personal property, refunds and bank interest earned, net of service charges.

Receipts shall be issued and recorded at the time of the transaction for all moneys received; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PRESCRIBED FORMS

The following prescribed forms were not in use: General Receipt Form 352 and General Receipt Register Form 370. For a portion of the examination period, a receipt form was sometimes used, but it was not prenumbered by the printer and did not indicate the classification of the receipt (cash, check, money order, etc.). The software system was capable of producing a prenumbered receipt, but this feature was not being used.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed.

ELKHART PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on March 26, 2007, with Connie J. Ozinga, Director; and Sandra Bevins, Business Manager/Human Resources Manager.