

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

EXAMINATION REPORT

OF

KOKOMO HOWARD COUNTY PUBLIC LIBRARY

HOWARD COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

10/11/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Charles N. Joray	01-01-05 to 12-31-07
Treasurer	Charles W. Zook	01-01-05 to 12-31-07
President of the Board	Susan Luttrell Bill Sahn	01-01-05 to 12-31-06 01-01-07 to 12-31-07



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 KOKOMO HOWARD COUNTY
PUBLIC LIBRARY, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of the Kokomo Howard County 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. It 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

August 1, 2007

KOKOMO HOWARD COUNTY 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	\$ 323,296	\$ 4,724,407	\$ 4,716,675	\$ 331,028
Gift	17,048	6,527	12,160	11,415
Rainy Day	30,197	38,524	37,275	31,446
Desktop Publishing	13,264	882	50	14,096
Library Improvement Reserve	3,064,347	685,063	-	3,749,410
Vending	900	3,601	3,242	1,259
Fiduciary Funds:				
Payroll Withholdings	27,148	759,849	769,025	17,972
PLAC	1,066	3,611	3,921	756
Elizabeth B. Handley Fund	10,223	173	-	10,396
Totals	<u>\$ 3,487,489</u>	<u>\$ 6,222,637</u>	<u>\$ 5,542,348</u>	<u>\$ 4,167,778</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 331,028	\$ 4,660,768	\$ 4,981,542	\$ 10,254
Gift	11,415	7,016	5,461	12,970
Rainy Day	31,446	77,091	48,247	60,290
Desktop Publishing	14,096	1,606	10	15,692
Library Improvement Reserve	3,749,410	610,551	-	4,359,961
Vending	1,259	4,631	3,029	2,861
State Technology Grant	-	10,572	-	10,572
Fiduciary Funds:				
Payroll Withholdings	17,972	796,126	793,770	20,328
PLAC	756	4,092	4,104	744
Elizabeth B. Handley Fund	10,396	469	-	10,865
2005 Medical Spending	-	44,125	44,125	-
2006 Medical Spending	-	95,523	36,221	59,302
Totals	<u>\$ 4,167,778</u>	<u>\$ 6,312,570</u>	<u>\$ 5,916,509</u>	<u>\$ 4,563,839</u>

The accompanying notes are an integral part of the financial information.

KOKOMO HOWARD COUNTY 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: public safety, health and social 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.

KOKOMO HOWARD COUNTY 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

The Library is undergoing an expansion project at its south branch location. Cost of the project is \$6,400,000 of which \$4,400,000 will be provided by the Library Improvement Reserve Fund. The remaining \$2,000,000 will be financed with a bond issue.

KOKOMO HOWARD COUNTY PUBLIC LIBRARY
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 422,654
Buildings	5,648,176
Improvements other than buildings	5,863,562
Machinery and equipment	1,503,919
Construction in progress	<u>146,895</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 13,585,206</u>

KOKOMO HOWARD COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2007, with Charles N. Joray, Director; Charles W. Zook, Treasurer; Peg Harmon, Assistant Director; and Beverly Evans, Assistant Accountant-Treasurer. Our examination disclosed no material items that warrant comment at this time.