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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

AKRON CARNEGIE PUBLIC LIBRARY

FULTON COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**FILED**  
11/05/2013



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Janet Hawley	01-01-11 to 12-31-13
Treasurer	Chad Hartzler Janet Hackworth	01-01-11 to 06-30-12 07-01-12 to 12-31-13
President of the Board	Priscilla Burdge	01-01-11 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE AKRON CARNEGIE PUBLIC LIBRARY, FULTON COUNTY, INDIANA

We have examined the accompanying financial statement of the Akron Carnegie Public Library (Library), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Library for the period of January 1, 2011 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Library for the period of January 1, 2011 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Library's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman  
State Examiner

September 26, 2013

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## FINANCIAL STATEMENT

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

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AKRON CARNEGIE PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Operating	\$ 268,279	\$ 189,885	\$ 180,794	\$ 277,370	\$ 211,174	\$ 210,372	\$ 278,172
Rainy Day	12,731	-	-	12,731	20,000	-	32,731
Levy Excess	10,540	4,363	14,903	-	2,648	-	2,648
Library Improvement Reserve	10,366	10,369	10,368	10,367	-	-	10,367
Plac Card	50	100	150	-	50	50	-
Petty Cash	-	50	-	50	-	-	50
Marine	4,500	-	-	4,500	-	-	4,500
Perf	-	994	994	-	1,152	1,152	-
Gifts Building	-	-	-	-	3,199	126	3,073
State Tech	2,086	1,560	1,367	2,279	1,731	2,277	1,733
Gift	3,527	7,949	7,820	3,656	2,750	3,262	3,144
Gifts Building	53,789	673	677	53,785	-	-	53,785
Debt Service - Other	72,442	115,181	121,500	66,123	120,755	118,500	68,378
Payroll Withholding - Federal	-	6,140	6,140	-	7,807	7,807	-
Payroll - Fica & Medicare	-	4,881	4,881	-	5,365	5,365	-
Payroll - State Tax	-	2,936	2,936	-	3,229	3,229	-
Payroll - County Tax	-	1,235	1,235	-	1,751	1,751	-
<b>Totals</b>	<b>\$ 438,310</b>	<b>\$ 346,316</b>	<b>\$ 353,765</b>	<b>\$ 430,861</b>	<b>\$ 381,611</b>	<b>\$ 353,891</b>	<b>\$ 458,581</b>

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

AKRON CARNEGIE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENT

**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 statement presents the financial information for the Library.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts 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, financial institution tax received from the state, auto excise surtax received from the state, and commercial vehicle excise tax received from the state.

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges and fines and fees.

Penalties which include fees received for late payments.

AKRON CARNEGIE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 statement. The aggregate disbursements 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

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.

AKRON CARNEGIE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENT  
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

AKRON CARNEGIE PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENT  
(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 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 statement 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.

AKRON CARNEGIE PUBLIC LIBRARY  
 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	Plac Card	Petty Cash	Marine	Perf	Gifts Building 1
Cash and investments - beginning	\$ 268,279	\$ 12,731	\$ 10,540	\$ 10,366	\$ 50	\$ -	\$ 4,500	\$ -	\$ -
Receipts:									
Taxes	107,578	-	-	-	-	-	-	-	-
Intergovernmental	66,923	-	-	-	-	-	-	-	-
Charges for services	2,795	-	-	-	100	-	-	-	-
Fines and forfeits	1,972	-	-	-	-	-	-	-	-
Other receipts	10,617	-	4,363	10,369	-	50	-	994	-
Total receipts	189,885	-	4,363	10,369	100	50	-	994	-
Disbursements:									
Personal services	95,087	-	-	-	-	-	-	994	-
Supplies	3,959	-	-	-	-	-	-	-	-
Other services and charges	62,490	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	19,208	-	-	-	-	-	-	-	-
Other disbursements	50	-	14,903	10,368	150	-	-	-	-
Total disbursements	180,794	-	14,903	10,368	150	-	-	994	-
Excess (deficiency) of receipts over disbursements	9,091	-	(10,540)	1	(50)	50	-	-	-
Cash and investments - ending	\$ 277,370	\$ 12,731	\$ -	\$ 10,367	\$ -	\$ 50	\$ 4,500	\$ -	\$ -

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

	State Tech	Gift	Gifts Building 2	Debt Service - Other	Payroll Withholding - Federal	Payroll - Fica & Medicare	Payroll - State Tax	Payroll - County Tax	Totals
Cash and investments - beginning	\$ 2,086	\$ 3,527	\$ 53,789	\$ 72,442	\$ -	\$ -	\$ -	\$ -	\$ 438,310
Receipts:									
Taxes	-	-	-	109,659	-	-	-	-	217,237
Intergovernmental	1,560	-	-	5,522	-	-	-	-	74,005
Charges for services	-	2,320	-	-	-	-	-	-	5,215
Fines and forfeits	-	-	-	-	-	-	-	-	1,972
Other receipts	-	5,629	673	-	6,140	4,881	2,936	1,235	47,887
Total receipts	<u>1,560</u>	<u>7,949</u>	<u>673</u>	<u>115,181</u>	<u>6,140</u>	<u>4,881</u>	<u>2,936</u>	<u>1,235</u>	<u>346,316</u>
Disbursements:									
Personal services	1,367	500	-	-	-	-	-	-	97,948
Supplies	-	2,091	-	-	-	-	-	-	6,050
Other services and charges	-	4,138	-	-	-	-	-	-	66,628
Debt service - principal and interest	-	-	-	121,500	-	-	-	-	121,500
Capital outlay	-	1,091	-	-	-	-	-	-	20,299
Other disbursements	-	-	677	-	6,140	4,881	2,936	1,235	41,340
Total disbursements	<u>1,367</u>	<u>7,820</u>	<u>677</u>	<u>121,500</u>	<u>6,140</u>	<u>4,881</u>	<u>2,936</u>	<u>1,235</u>	<u>353,765</u>
Excess (deficiency) of receipts over disbursements	<u>193</u>	<u>129</u>	<u>(4)</u>	<u>(6,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,449)</u>
Cash and investments - ending	<u>\$ 2,279</u>	<u>\$ 3,656</u>	<u>\$ 53,785</u>	<u>\$ 66,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,861</u>

AKRON CARNEGIE PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	Operating	Rainy Day	Levy Excess	Library Improvement Reserve	Plac Card	Petty Cash	Marine	Perf	Gifts Building 1
Cash and investments - beginning	\$ 277,370	\$ 12,731	\$ -	\$ 10,367	\$ -	\$ 50	\$ 4,500	\$ -	\$ -
Receipts:									
Taxes	123,504	-	-	-	-	-	-	-	-
Intergovernmental	82,848	-	-	-	-	-	-	-	-
Charges for services	4,726	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	50	-	-	-	-
Other receipts	96	20,000	2,648	-	-	-	-	1,152	3,199
Total receipts	211,174	20,000	2,648	-	50	-	-	1,152	3,199
Disbursements:									
Personal services	105,038	-	-	-	-	-	-	1,152	-
Supplies	4,893	-	-	-	-	-	-	-	126
Other services and charges	59,929	-	-	-	50	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	17,864	-	-	-	-	-	-	-	-
Other disbursements	22,648	-	-	-	-	-	-	-	-
Total disbursements	210,372	-	-	-	50	-	-	1,152	126
Excess (deficiency) of receipts over disbursements	802	20,000	2,648	-	-	-	-	-	3,073
Cash and investments - ending	\$ 278,172	\$ 32,731	\$ 2,648	\$ 10,367	\$ -	\$ 50	\$ 4,500	\$ -	\$ 3,073

AKRON CARNEGIE PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	State Tech	Gift	Gifts Building 2	Debt Service - Other	Payroll Withholding - Federal	Payroll - Fica & Medicare	Payroll - State Tax	Payroll - County Tax	Totals
Cash and investments - beginning	\$ 2,279	\$ 3,656	\$ 53,785	\$ 66,123	\$ -	\$ -	\$ -	\$ -	\$ 430,861
Receipts:									
Taxes	-	-	-	107,492	-	-	-	-	230,996
Intergovernmental	-	-	-	13,263	-	-	-	-	96,111
Charges for services	-	1,716	-	-	-	-	-	-	6,442
Fines and forfeits	-	-	-	-	-	-	-	-	50
Other receipts	1,731	1,034	-	-	7,807	5,365	3,229	1,751	48,012
Total receipts	1,731	2,750	-	120,755	7,807	5,365	3,229	1,751	381,611
Disbursements:									
Personal services	-	-	-	-	7,807	5,365	3,229	1,751	124,342
Supplies	-	3,262	-	-	-	-	-	-	8,281
Other services and charges	2,277	-	-	-	-	-	-	-	62,256
Debt service - principal and interest	-	-	-	118,500	-	-	-	-	118,500
Capital outlay	-	-	-	-	-	-	-	-	17,864
Other disbursements	-	-	-	-	-	-	-	-	22,648
Total disbursements	2,277	3,262	-	118,500	7,807	5,365	3,229	1,751	353,891
Excess (deficiency) of receipts over disbursements	(546)	(512)	-	2,255	-	-	-	-	27,720
Cash and investments - ending	\$ 1,733	\$ 3,144	\$ 53,785	\$ 68,378	\$ -	\$ -	\$ -	\$ -	\$ 458,581

AKRON CARNEGIE PUBLIC LIBRARY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Renovations and additions to existing facility	\$ 935,000	\$ 97,020
Totals		<u>\$ 935,000</u>	<u>\$ 97,020</u>

AKRON CARNEGIE PUBLIC LIBRARY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

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	\$ 131,500
Buildings	1,972,000
Improvements other than buildings	962
Machinery, equipment, and vehicles	115,037
Total governmental activities	2,219,499
Total capital assets	\$ 2,219,499

AKRON CARNEGIE PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2013, with Janet Hawley, Director, and Janet Hackworth, Treasurer. Our examination disclosed no material items that warrant comment at this time.