

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

EXAMINATION REPORT

OF

AKRON-HENRY TOWNSHIP PUBLIC LIBRARY

FULTON COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

03/30/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Velma Bright	01-01-05 to 12-31-07
Treasurer	Chad Hartzler	01-01-05 to 12-31-07
President of the Board	Jill Runkle	01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE AKRON-HENRY TOWNSHIP
PUBLIC LIBRARY, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of the Akron-Henry Township 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 Funding Progress 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 27, 2007

AKRON-HENRY TOWNSHIP 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	\$ 72,713	\$ 183,040	\$ 127,216	\$ 128,537
Gift	274	1,031	374	931
Rainy Day	3,232	-	-	3,232
Fulton County Foundation Grant	1,201	-	1,201	-
Library Improvement Reserve	10,053	69	-	10,122
Library Capital Projects	9,294	15,209	6,447	18,056
Building Fund - Gift	35,983	6,171	236	41,918
Debt Service	32,777	141,599	119,975	54,401
Fiduciary Funds:				
Trust	4,500	-	-	4,500
Levy Excess	-	5,317	-	5,317
PLAC	-	224	224	-
Totals	<u>\$ 170,027</u>	<u>\$ 352,660</u>	<u>\$ 255,673</u>	<u>\$ 267,014</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 128,537	\$ 172,530	\$ 145,309	\$ 155,758
Gift	931	2,957	1,043	2,845
Rainy Day	3,232	-	-	3,232
Library Improvement Reserve	10,122	101	-	10,223
Library Capital Projects	18,056	1,681	12,318	7,419
Building Fund - Gift	41,918	1,939	998	42,859
Debt Service	54,401	124,395	116,500	62,296
Fiduciary Funds:				
Trust	4,500	-	-	4,500
Levy Excess	5,317	-	5,317	-
PLAC	-	155	155	-
Totals	<u>\$ 267,014</u>	<u>\$ 303,758</u>	<u>\$ 281,640</u>	<u>\$ 289,132</u>

The accompanying notes are an integral part of the schedules.

AKRON-HENRY TOWNSHIP PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides cultural 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.

AKRON-HENRY TOWNSHIP 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.

AKRON-HENRY TOWNSHIP PUBLIC LIBRARY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability - AAL	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL As A % Of Covered Payroll
07-01-03	\$ 343,281	\$ 373,383	\$ (30,102)	92%	\$ 370,471	(8%)
07-01-04	347,136	427,657	(80,521)	81%	383,597	(21%)
07-01-05	364,792	540,571	(175,779)	67%	422,906	(42%)

AKRON-HENRY TOWNSHIP PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

CAPITAL LEASES

The Library has entered into the following capital leases:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Akron Public Library Building Corporation	\$ 1,258,687	\$ -

AKRON-HENRY TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

In 2006, the following deficiencies, relating to the recordkeeping were noted:

- (1) Record balances were not reconciled to depository balances during the year period.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

- (3) Some transactions were recorded as "negative" receipts and disbursements.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

INVESTMENT MATURITY LIMITATIONS

The governmental unit purchased certain investments which have a stated maturity in excess of two years. A similar comment was issued in Report B26750.

Indiana Code 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CAPITAL ASSET RECORDS

The Library does not adequately maintain Capital Asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

AKRON-HENRY TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2007, with Velma Bright, Director. The official concurred with our findings.