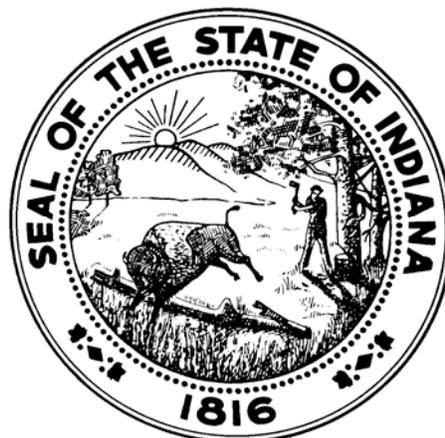


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
MIDDLEBURY COMMUNITY PUBLIC LIBRARY
ELKHART COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/11/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5-6
Examination Results and Comments:	
Annual Report.....	7
Bank Account Reconciliations	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Teresa A. Rheinheimer	01-01-04 to 12-31-06
Treasurer	Mary Deters Hesser	07-01-03 to 06-30-07
President of the Board	June Conner Ronald E. Gardner Jon Ottinger	07-01-03 to 06-30-04 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 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Middlebury Community Public Library (Library), for the period of January 1, 2004 to December 31, 2005. The Library's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Library for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 30, 2006

MIDDLEBURY COMMUNITY 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 310,929	\$ 696,949	\$ 573,938	\$ 433,940
Gifts and Bequests	1,792	767	222	2,337
Lets Talk About It Grant	613	500	525	588
Fire Department Gift	184	68	11	241
Ruth E. Mauck Memorial Gift	735	2	-	737
Betty Schreiner Memorial Interest	89	21	-	110
Bond and Interest Redemption	97,006	111,319	110,840	97,485
Library Improvement Reserve	82,706	149	18,494	64,361
Library Capital Projects	55,443	99,409	71,594	83,258
Construction	74,861	5,157	79,950	68
Fiduciary Funds:				
Betty Schreiner Memorial Endowment	417	-	-	417
Payroll Withholdings	905	16,054	14,261	2,698
PLAC	1,823	2,451	156	4,118
Totals	<u>\$ 627,503</u>	<u>\$ 932,846</u>	<u>\$ 869,991</u>	<u>\$ 690,358</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 433,940	\$ 683,639	\$ 774,725	\$ 342,854
Gifts and Bequests	2,337	1,090	1,651	1,776
Lets Talk About It Grant	588	5,840	2,463	3,965
Fire Department Gift	241	88	14	315
Ruth E. Mauck Memorial Gift	737	-	-	737
Betty Schreiner Memorial Interest	110	27	-	137
Bond and Interest Redemption	97,485	189,561	132,640	154,406
Library Improvement Reserve	64,361	10,000	-	74,361
Library Capital Projects	83,258	170,528	124,157	129,629
Construction	68	1	-	69
Lets Talk About It - Jewish Grant	-	2,100	1,902	198
Levy Excess	-	8,506	-	8,506
Fiduciary Funds:				
Betty Schreiner Memorial Endowment	417	-	-	417
Payroll Withholdings	2,698	23,141	24,332	1,507
PLAC	4,118	2,403	5,508	1,013
June Conner Memorial Fund	-	2,500	-	2,500
Totals	<u>\$ 690,358</u>	<u>\$ 1,099,424</u>	<u>\$ 1,067,392</u>	<u>\$ 722,390</u>

The accompanying notes are an integral part of the schedules.

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
NOTES TO SCHEDULES

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.

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
NOTES TO SCHEDULES
(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. Long-Term Debt

The Library has entered into general obligation bonds for the purpose of financing the cost of additions, remodeling of, and improvements to the library building. The outstanding principal at December 31, 2005, was \$995,000.

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Library Annual Reports (LAR-1) for 2004 and 2005 were not presented for audit. They were not prepared for submission to the State Board of Accounts.

Indiana Code 5-3-1-4 states in part: "(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. . . . (b) The following shall prepare, verify, and file the reports required under subsection (a) not later than sixty (60) days after the end of each year. . . (2) A public library."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit and have not been prepared. Our review did not disclose any material adjustments. This comment appeared in the prior Audit Report B22706.

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."

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2006, with Teresa A. Rheinheimer, Director; Mary Deters Hesser, Treasurer; and Amy C. Lyons, Bookkeeper.