

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

EXAMINATION REPORT

OF

LINDEN-MADISON TOWNSHIP PUBLIC LIBRARY

MONTGOMERY COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

06/07/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Stephanie Cain Kathie Watkins	01-01-05 to 02-07-05 02-08-05 to 12-31-07
Treasurer	Kara Edie	01-01-05 to 12-31-07
President of the Board	Richard Ward	01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LINDEN-MADISON TOWNSHIP
PUBLIC LIBRARY, MONTGOMERY COUNTY, INDIANA

We have examined the financial information presented herein of the Linden-Madison 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.

Except as described in the next paragraph, 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.

Financial records presented for examination for the year ended December 31, 2004, were incomplete and not reflective of the activity of the Library's funds. As a result, the validity and accountability of cash and investments as of January 1, 2005, could not be established.

In our opinion, except for the effects of such adjustments, if any, pertaining to the January 1, 2005, balances, 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.

STATE BOARD OF ACCOUNTS

May 3, 2007

LINDEN-MADISON 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	\$ 2,600	\$ 210,412	\$ 156,972	\$ 56,040
Gift	22,441	5,767	3,932	24,276
Library Improvement Reserve	254,228	301,801	283,237	272,792
Fiduciary Fund:				
Payroll Withholdings	-	7,215	7,215	-
Totals	<u>\$ 279,269</u>	<u>\$ 525,195</u>	<u>\$ 451,356</u>	<u>\$ 353,108</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 56,040	\$ 172,494	\$ 180,695	\$ 47,839
Gift	24,276	20,838	20,838	24,276
Library Improvement Reserve	272,792	228,879	273,291	228,380
Construction	-	667,635	80,030	587,605
Construction Escrow	-	10,539	-	10,539
Fiduciary Fund:				
Payroll Withholdings	-	8,857	8,857	-
Totals	<u>\$ 353,108</u>	<u>\$ 1,109,242</u>	<u>\$ 563,711</u>	<u>\$ 898,639</u>

The accompanying notes are an integral part of the schedules.

LINDEN-MADISON 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 the following services: culture and recreation.

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.

LINDEN-MADISON TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

As stated in prior Report B25922, Library officials have not established a capitalization policy, and are not maintaining capital asset records. They are also not taking an inventory of capital assets. A review of the Library's records shows that assets purchased in the current audit period were not added to the 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. 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)

LINDEN-MADISON TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on May 3, 2007, with Kathie Watkins, Director; and Kara Edie, Treasurer. The officials concurred with our finding.