

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

EXAMINATION REPORT
OF
MIDDLEBURY COMMUNITY PUBLIC LIBRARY
ELKHART COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/29/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Teresa A. Rheinheimer	01-01-06 to 12-31-08
Treasurer	Mary Deters Hesser	07-01-05 to 06-30-09
President of the Board	Ronald E. Gardner Jon Ottinger Barbara Piaskowy	07-01-05 to 06-30-06 07-01-06 to 06-30-08 07-01-08 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Middlebury Community Public Library (Library), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts 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

October 29, 2008

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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 340,858	\$ 614,586	\$ 655,445	\$ 299,999
Community Room Fund	1,996	7,551	3,703	5,844
Gift and Bequests	1,776	1,520	2,132	1,164
Lets Talk About It Grant	3,965	2,842	2,081	4,726
Fire Department Gift	315	77	14	378
Ruth E. Mauck Memorial Gift	737	51	-	788
Betty Schreiner Memorial Interest	137	20	-	157
Lets Talk About It - Jewish Grant	198	-	198	-
Technology Grant	-	4,500	750	3,750
Bond and Interest Redemption	154,406	139,401	145,529	148,278
Levy Excess	8,506	3,884	8,506	3,884
Library Improvement Reserve	74,361	-	15,561	58,800
Library Capital Projects	129,629	59,126	85,009	103,746
Construction	69	-	9	60
Fiduciary Funds:				
Betty Schreiner Memorial Endowment	417	417	417	417
June Conner Memorial	2,500	66	12	2,554
Payroll Withholdings	1,507	23,586	23,436	1,657
PLAC	1,013	186	273	926
Totals	<u>\$ 722,390</u>	<u>\$ 857,813</u>	<u>\$ 943,075</u>	<u>\$ 637,128</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 299,999	\$ 614,885	\$ 691,311	\$ 223,573
Community Room Fund	5,844	7,080	12,262	662
Gift and Bequests	1,164	1,499	1,748	915
Lets Talk About It Grant	4,726	1,213	1,684	4,255
Fire Department Gift	378	68	-	446
Ruth E. Mauck Memorial Gift	788	21	235	574
Betty Schreiner Memorial Interest	157	5	-	162
Lets Talk About It - Jewish Grant	-	2,500	-	2,500
Children's Programming Gift	-	802	549	253
Read To Me	-	3,780	-	3,780
Technology Grant	3,750	4,500	3,750	4,500
Rainy Day	-	6,324	4,180	2,144
Bond and Interest Redemption	148,278	130,243	145,719	132,802
Levy Excess	3,884	-	3,884	-
Library Improvement Reserve	58,800	13,029	10,199	61,630
Library Capital Projects	103,746	262,635	97,195	269,186
Construction	60	-	9	51
Fiduciary Funds:				
Betty Schreiner Memorial Endowment	417	417	417	417
June Conner Memorial	2,554	130	-	2,684
Payroll Withholdings	1,657	29,579	32,144	(908)
PLAC	926	300	1,136	90
Totals	<u>\$ 637,128</u>	<u>\$ 1,079,010</u>	<u>\$ 1,006,422</u>	<u>\$ 709,716</u>

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

MIDDLEBURY COMMUNITY 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, 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 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.

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

As of December 31, 2007

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	\$ 180,500
Buildings	1,624,921
Machinery and equipment	<u>360,919</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,166,340</u>

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
General Obligation Bonds of 2002	\$ 780,000	\$ 146,448

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Treasurer's yearly bonds for the period of this examination or the previous examination were not filed in the office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

BANK ACCOUNT RECONCILIATIONS

Proper depository reconciliations of the fund balances to the bank account balances were not presented for audit. The Library compares deposits and checks to the bank statement. Our examination bank reconciliation did not disclose any material exceptions. This comment appeared in the prior two Reports B22706 and B28302.

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."

MILEAGE REIMBURSEMENT

Employees were reimbursed for mileage without filing the proper Mileage Claim, General Form 101.

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)

OVERDRAWN FUND BALANCE

The Payroll Withholdings Fund was overdrawn in 2007.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

MIDDLEBURY COMMUNITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2008, with Mary Deters Hesser, Treasurer; Teresa A. Rheinheimer, Director; and Amy C. Lyons, Bookkeeper. The officials concurred with our findings.