B33737

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

EXAMINATION REPORT
OF

MIDDLETOWN-FALL CREEK
TOWNSHIP PUBLIC LIBRARY
HENRY COUNTY, INDIANA

January 1, 2006 to December 31, 2007

FILED
12/31/2008

TABLE OF CONTENTS

Description	Page
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Prescribed Forms	8
Register of Investments Form 350	8
Interest on Investments	9
Certified Report Not Filed - 100R	9
Compensation	9
Exit Conference	10

OFFICIALS

Office	Official	Term
Director	Jana Whitesel	01-01-06 to 12-31-07
	Teresa Holden	01-01-07 to 12-31-08
Treasurer	Lola Ashton	01-01-06 to 12-31-06
	Jana Whitesel	01-01-07 to 12-31-08
President of the Board	Paul Shockley	01-01-06 to 10-12-08
	June Slick (Intrim)	10-13-08 to 12-31-08

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MIDDLETOWN-FALL CREEK TOWNSHIP
PUBLIC LIBRARY, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Middletown-Fall Creek Township 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

December 8, 2008

MIDDELTOWN - FALL CREEK 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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	$ 80,585	$ 152,193	$ 157,330	$ 75,448
Gift	6,558	4,061	691	9,927
Grant	297	4,153	3,384	1,066
Levy Excess	151	-	-	151
Bond and Interest Redemption	25,061	77,451	74,388	28,124
Library Improvement Reserve	45,577	1,016	-	46,593
Construction	78,987	-	150	78,837
Building	47,996	612	816	47,792
Fiduciary Funds:				
Payroll Withholdings	9	14,833	14,833	9
PLAC	-	651	651	-
Totals	$ 285,219	$ 254,969	$ 252,243	$ 287,946

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	$ 75,448	$ 130,943	$ 132,972	$ 73,418
Gift	9,927	9,989	4,335	15,581
Grant	1,066	5,938	5,758	1,246
Levy Excess	151	-	-	151
Bond and Interest Redemption	28,124	45,505	46,913	26,716
Library Improvement Reserve	46,593	2,063	-	48,656
Construction	78,837	-	-	78,837
Building	47,792	3,505	816	50,481
Fiduciary Funds:				
Payroll Withholdings	9	17,506	17,506	9
PLAC	-	510	510	-
Totals	$ 287,946	$ 215,958	$ 208,810	$ 295,095

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

MIDDLETOWN-FALL CREEK 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, 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 or highway use taxes are received 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.

Note 6. Long-Term Debt

The Library has entered into debt such as bonds for acquisition and construction of major capital facilities. The outstanding principal and December 31, 2007, was $285,000.

MIDDELTOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 60,000
Buildings	396,074
Machinery and equipment	651,811
Total governmental activities, capital assets not being depreciated	$ 1,107,885

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
General obligation bonds:	$ 285,000	$ 22,838

PRESCRIBED FORMS

The following deficiencies were noted with the Daily Record of Desk Collections:

(1) The Daily Record of Desk Collections, Form 3, was not in use.

(2) An alternate form "Cash Receipts" was not an approved form.

(3) Cash Receipt form in use did not included cash balance at the beginning of the day or end of day. As a result, we could not determine the amount of cash change on hand.

(4) Desk collections are being deposit anywhere from two to four times a month.

(5) Report amounts of fines/fees, rentals, copies and book sales are reported monthly as fines and fees.

(6) Not all PLAC card sales are posted to the Cash Receipt Report.

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)

Indiana Code 5-13-6-1 (c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

REGISTER OF INVESTMENTS FORM 350

The prescribed general Form 350, Register of Investments, was not properly maintained and could not be utilized.

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)

INTEREST OF INVESTMENTS

Interest earned on some investments are automatically added to the principal and not timely recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CERTIFIED REPORT NOT FILED - FORM 100-R

The Library did not file a certified report of compensation of officers and employees (Form 100-R) with the State Board of Accounts for the years 2006 and 2007.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

COMPENSATION

The Library did not pass a salary ordinance for 2007 and a pay raise was given to one employee without the evidence of board approval.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

MIDDLETOWN-FALL CREEK TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on December 8, 2008, with Jana Whitesel, Treasurer; Paula A. Ramsey, Board member; and Teresa Holden, Director. The officials concurred with our findings.