

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

EXAMINATION REPORT
OF
GARY PUBLIC LIBRARY
LAKE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/11/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Samuel Custard	01-01-04 to 12-31-06
Treasurer	Cynthia Watts	01-01-04 to 05-30-04
	Christine Swan-Clay	06-01-04 to 08-26-04
	Charlotte Gordon-Hull	08-27-04 to 12-31-06
President of the Board	Christine Swan-Clay	01-01-04 to 05-30-04
	Dr. Danita Johnson Hughes	06-01-04 to 07-20-04
	Benjamin R. Coleman	07-21-04 to 12-31-06
Controller	Kenneth Sak	01-01-04 to 12-31-04
	Jetta Lewis	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE GARY PUBLIC LIBRARY, LAKE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Gary 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.

The Library is using a computerized accounting system for recording financial activity. This system is accrual based, however the accruals are not being correctly maintained. Library officials were unable to provide documentation to support any of the accrual balances. The Library was also unable to provide a ledger of cash receipts, disbursements, and balances for our examination.

Separate bank accounts are maintained for each of the Library's funds. However, bank reconciliations have not been performed since November 2004. Due to the numerous posting errors in the accounting system, the bank balances have not been compared to any cash accounts or cash activities maintained as financial records of the Library.

Cash activity reported on the Library's annual reports for 2004 and 2005 materially differed from the activity posted in the financial system. The reported receipts and disbursements also materially differed from the deposits and withdrawals on the bank statements. The cash balances reported as of and for the year ended December 31, 2004, did not agree to the cash balances reported as of January 1, 2005.

As a result, the scope of the examination was not sufficient to warrant the expression of an opinion on the schedules. The schedules of receipts, disbursements, and cash and investment balances, as presented, are a reflection of the bank deposits, withdrawals, and balances.

May 18, 2006

STATE BOARD OF ACCOUNTS

GARY PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 1,808,025	\$ 5,438,847	\$ 6,724,414	\$ 522,458
Gift	22,427	709	1,558	21,578
Library Improvement Reserve	744,540	7,119	550,050	201,609
Library Capital Projects	234,150	61,302	160,934	134,518
	<u>2,809,142</u>	<u>5,507,977</u>	<u>7,436,956</u>	<u>880,163</u>
Totals	<u>\$ 2,809,142</u>	<u>\$ 5,507,977</u>	<u>\$ 7,436,956</u>	<u>\$ 880,163</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 522,458	\$ 13,544,356	\$ 9,359,795	\$ 4,707,019
Gift	21,578	24,416	-	45,994
Library Improvement Reserve	201,609	1,409	177,000	26,018
Library Capital Projects	134,518	371,842	421,282	85,078
	<u>880,163</u>	<u>13,942,023</u>	<u>9,958,077</u>	<u>4,864,109</u>
Totals	<u>\$ 880,163</u>	<u>\$ 13,942,023</u>	<u>\$ 9,958,077</u>	<u>\$ 4,864,109</u>

The accompanying notes are an integral part of the schedules.

GARY 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.

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.

GARY 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 three percent 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.

GARY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Gary Public Library. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. As a result, the financial activity reported on the Schedules of Receipts, Disbursements, and Cash and Investment Balances reflect the bank transactions during the audit period.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances have not been prepared since November 2004.

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."

PENALTIES, INTEREST, AND OTHER CHARGES

The Library incurred late payment penalties and interest on payroll taxes. Officials requested the Internal Revenue Service to abate the penalties due to hiring a new person in the controller's position in 2005; however, the abatement was denied. Penalties and interest paid totaling \$4,884.96 are detailed as follows:

Tax Period, Date paid	Penalty/ Interest Paid
Indiana Department of Revenue:	
2003, paid February 23, 2004	\$ 776.84
December 2004, paid July 26, 2005	691.70
January 2005, paid July 26, 2005	559.97
February 2005, paid July 26, 2005	577.23
May 2005, paid November 1, 2005	529.45
Internal Revenue Service:	
December 2004, paid July 26, 2005	564.64
March 2005, paid July 26, 2005	1,185.13
Totals	\$ 4,884.96

18) We requested officials to reimburse the Library for the penalties and interest. (See Summary, page

GARY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CREDIT CARD SUPPORTING DOCUMENTATION

Board members and other library officials are authorized to use the Library's credit card for travel and other library purposes. Adequate supporting documentation was not retained for audit. Deficiencies included the following:

1. Receipts were not submitted for transactions.
2. Only the card member's signed copy of the charge slip was submitted. Detailed documentation was not provided listing food, beverage, number of people served, etc.
3. Receipts indicated more than one meal was served, and documentation of who consumed the meals was not provided for audit.
4. Receipts indicated local meals were consumed prior to seminars or meetings. This is not in compliance with local policy.

This situation was noted in the prior two audits. Inadequately documented costs total \$3,820.39. We requested officials to reimburse the Library for these amounts. (See Summary, page 18) The following table details the expenses paid without adequate documentation:

<u>Name on Account</u>	<u>No Receipt Presented</u>	<u>Receipt Without Detail</u>	<u>Undeterminable Library Purpose</u>	<u>Reimbursed Meals at Local Establishments</u>	<u>Total</u>
Christine Clay	\$ 16.71	\$ -	\$ -	\$ -	\$ 16.71
Benjamin Coleman	828.70	1,631.75	-	-	2,460.45
Samuel Custard	69.04	62.89	-	120.49	252.42
Charlotte Hull	-	30.25	-	-	30.25
Andrew Ledbetter	-	156.22	19.37	20.52	196.11
Paula Nalls	37.70	413.34	-	-	451.04
Sadie Sheffield	<u>224.83</u>	<u>126.28</u>	<u>62.30</u>	-	<u>413.41</u>
Totals	<u>\$ 1,176.98</u>	<u>\$ 2,420.73</u>	<u>\$ 81.67</u>	<u>\$ 141.01</u>	<u>\$ 3,820.39</u>

Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

GARY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 20-14-3-14 provides that "each payment of expenses lawfully incurred for library purposes must be supported by a fully itemized invoice or other documentation. The library director must certify to the library board before payment that each claim for payment is true and correct. This certification must be on a form prescribed by the State Board of Accounts." To satisfy the certification requirements, the library director may either sign each accounts payable voucher individually or sign in the area designated on the Accounts Payable Voucher Register, General Form 364. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

All claims, invoices, receipts, accounts payable vouchers, regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

EXCESSIVE TRAVEL

Board members and staff traveled extensively during the audit period. There were five major trips in 2004 (San Diego, Seattle, New Orleans, Orlando and Palm Springs). Costs for these trips ranged from \$2,225 for two people to \$15,370 for eight people. There were four major trips in 2005 (Boston, Nashville, Minneapolis, and Chicago). Costs for these trips ranged from \$516 for one person to \$6,582 for three people. As of March 2006, there have been trips to San Antonio, Boston, San Jose, and New Orleans, for a total cost of \$10,618. Total costs incurred for these major trips from January 1, 2004 to March 2006, were \$52,520. In addition, eight people have been approved to go to New Orleans in June 2006, for an approximate cost of \$18,000.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

RECEIPT ISSUANCE

The Library does not issue prescribed Receipt, General Form 352, for all monies received at the Library. A similar audit result and comment has appeared in each prior audit report since 1996.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CAPITAL ASSETS

The Library has not updated its capital assets inventory since January 2005. Also, the Library does not record the cost of land, buildings and land improvements separately. The cost of land and land improvements were combined with the cost of the related building.

GARY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The records of each governmental unit should reflect land owned, its location, its acquisition date and the cost (purchase price). If the purchase price is not available, appraised value may be used.

A capital asset account for buildings should reflect the location of each building and the cost value (being the purchase or construction cost) and the cost of improvements, if applicable. If a building is acquired by gift, the account should reflect its appraised value at the time of acquisition.

A capital asset account should reflect the acquisition value of permanent improvements, other than buildings, which have been added to the land. Examples of such improvements are fences, retaining walls, sidewalks, gutters, tunnels and bridges. The improvements should be valued at the purchase or construction cost. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 10)

PUBLIC PURCHASE LAW AND PREFERENCES

The Library has adopted a public purchase policy that states a preference given to contractors within the City limits of Gary. This preference is not enumerated as an allowable preference in Indiana Code 5-22-15.

Indiana Code 5-22-3-3(a) states: "A governmental body may adopt rules to regulate purchases of the governmental body. A rule adopted under this subsection may: (1) supplement this article; and (2) not be inconsistent with this article."

Indiana Code 5-22-15-7 states in part:

"(a) An offeror may claim one (1) of the following types of preference for which the offeror is eligible:

- (1) An Indiana business preference under rules adopted under section 20 of this chapter or IC 4-13.6-6-2.5.
- (2) A preference for supplies as provided by sections 16, 18, 19, and 24 of this chapter.
- (3) An Indiana small business preference as provided by section 23 of this chapter.

(b) An offeror may not claim more than one (1) preference as provided by sections 16, 18, 19, and 24 of this chapter for a given supply item."

INACCURATE FORM W-2's

After accounting for pre-tax withholdings, the taxable wages (Box 1) reported on Forms W-2 did not agree to the employees' year-to-date earnings shown on the final payroll registers for 2004 or 2005. Additional payments received for overtime, etc., are not included in these year-to-date totals.

Additionally, social security wages (Box 3) and medicare wages and tips (Box 5) on Forms W-2 were inaccurately reported. These amounts should only differ from the taxable wages (Box 1) by the withholdings for deferred compensation. In 2004, there was no difference for deferred compensation withholdings and in 2005, Boxes 3 and 5 were adjusted for the entire amount of pre-tax withholdings, not just deferred compensation.

GARY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PERSONAL USE OF LIBRARY PROPERTY

Board members are authorized to use cell phones that are provided by the Library. Cell phone plans are personalized for each board member, based on estimated usage, so as to avoid overages. In August 2005, minutes used by individual board members ranged from 427 to 7,567 minutes. A log documenting the library business calls was not provided for audit. Due to the large volume of minutes used per month, it appears that several of the cell phones are used for personal business.

In addition, board members are provided with fax machines to use at home. A log documenting business use of fax machines was not provided for audit.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

LIBRARY DONATIONS

In 2004, Library staff time and materials were used in the preparation of promotional materials for a not-for-profit organization. These materials promoted a two day conference that was not held at the Library. The Library also donated \$500 in 2005 and \$500 in 2006 to the Steel City Hall of Fame.

Governmental funds should not be donated or given to other organizations or individuals unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

CLAIMS PAID WITH PRIOR APPROVAL - NONCOMPLIANCE

Each month, the Library board approves claims that have already been paid per their local "Disbursement Policy." Several items on the "Pre-approved Obligations" list paid in December 2005 were not eligible to be pre-approved according to the Library's policy. These items included payments to PLAC (Public Library Access), tickets for an awards dinner, and Jazz concert fees.

GARY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Gary Public Library Disbursement Policy, effective February 1, 2004, states, "It is the policy of the Gary Public Library to allow and provide for pre-authorized payments for the items allowed under IC 20-14-3-14 Sec. 14 (a) and Sec. 14 (b)."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

GARY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 13, 2006, with Samuel Custard, Director; Jetta Lewis, Controller; Benjamin R. Coleman, President of the Board; Cynthia Watts, former Treasurer; Charlotte Gordon-Hull, Treasurer; and Karen Freeman Wilson, Library Board Attorney. The official response has been made a part of this report and may be found on pages 14 through 17.



**GARY
PUBLIC
LIBRARY**

**220 w. 5th avenue
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**gary, Indiana 46402-1215
FAX (219) 882-9528**

**SAMUEL F. CUSTARD
DIRECTOR**

Mr. Bruce Hartman, CPA
State Examiner
Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204

Dear Mr. Hartman:

This is in response to the audit of the Gary Public Library for the years 2004 and 2005. To facilitate your review, we have tracked our response with the audit points.

OVERVIEW

The Gary Public Library has experienced great challenges in financial management because of the abrupt departure of Controller Ken Sak. Mr. Sak's last day at the Library was December 30, 2004. His abrupt resignation left no opportunity for transition between Mr. Sak and Assistant Controller, Jetta Lewis. Mr. Sak left many aspects of the Library's financial business unfinished. It was also discovered that the Fundware software was not working or being utilized properly. (Exhibit A) Information was entered into a system that does not perform double-entry accounting. Because of these multiple lapses, Ms. Lewis' ability to serve the Library since Mr. Sak's departure has been greatly impaired. Much of her tenure as Acting Controller has been spent attempting to rectify past mistakes. This problem was exacerbated by personnel problems in the accounting office. The direct impact of these events on the Library will be discussed in this response. The Board of Trustees has contracted with the CPA firm of Whittaker and Associates to assist with addressing some of the concerns outlined in the audit.

"The People's University"

CONDITION OF RECORDS

The condition of the records resulted from the Sak's abrupt transition, outdated software and staff vacancies. On July 14, 2006, the Library will install Accufund, new accounting software. This software is more user-friendly and will play an instrumental role in efforts to improve the condition of financial records. The records will be in auditable condition by September 30, 2006.

BANK ACCOUNT RECONCILIATIONS

The failure to reconcile Library bank accounts also resulted from Sak's abrupt transition, incompatible software and staff vacancies. The new software and addition of staff will resolve these problems and reconciliations will be done monthly.

PENALTIES, INTERESTS AND OTHER CHARGES

The chronic failure to make timely withholding payments to the Internal Revenue Service and the Indiana Department of Revenue was a direct result of the failure of one employee, Patricia Thompson, to perform her job in a satisfactory manner. This failure was addressed in accordance with the Library's progressive disciplinary policy. To terminate this employee abruptly would have exposed the Library to employment litigation. All board members, including Treasurers Cynthia Watts and Charlotte Hull, discharged their responsibilities by instructing staff about the urgency of making these payments on time. Ms. Thompson's failure to adhere to state and federal law resulted in her termination. In light of her sole responsibility for these payments, we believe that if the penalties must be paid by an individual, they should be assessed to her and not to Mrs. Watts and Mrs. Hull. The decision to assess the penalties is discretionary and not mandated by state law. Because of the transition in the GPL financial office and the remedial efforts under way, it is GPL's position that penalties should not be assessed.

It should also be noted that the IRS refunded the sum of \$1917.41 for August and September, 2005 on January 31, 2006.

CREDIT CARD SUPPORTING DOCUMENTATION

The Library acknowledges the importance of adhering to the credit card policy and will ensure that detailed receipts are provided whenever required. Library board members have requested duplicates of detailed receipts from American Express and/or vendors where needed. We expect to receive these documents by August 31, 2006. We are therefore requesting that any collection efforts be delayed until the receipt of this documentation. Additionally, we determined that the use of a per diem rate for meals would assist Library board and staff in their efforts to comply with state and local financial policies.

EXCESSIVE TRAVEL

Library board and staff traveled are active participants with the American Library Association and Public Library Association. The information gained at these meetings provides a direct benefit to the GPL and their constituents. As an example, board members learned about the availability of grant funds from the Gates Foundation at one of these meetings. There have also been workshops on technology, library trends, working with contractors, the construction of libraries and innovative financing. Additionally, these meetings provide multiple opportunities to view product demonstrations from vendors and determine what technology and/or equipment will best serve the needs of the GPL. In the end, the benefits to the GPL from travel far exceed the costs.

RECEIPT ISSUANCE

The Library is establishing a policy using General Form 352 for all monies received. Effective July 3, the policy will require a receipt to be issued for all money received from GPL patrons. A hand written receipt will be issued for all money received until software can be installed for computer generated receipts.

CAPITAL ASSETS

The Library is currently updating the Capital Assets fund and will complete this process on or before September 30, 2006.

PUBLIC PURCHASE LAW AND REFERENCES

Indiana code 5-22-15 et. seq. regulates the preferences that can be claimed by business entities seeking to do business with a governmental body such as the GPL. There is no provision in this statute or any other Indiana statute that prohibits the GPL for exercising a purchasing preference with Gary vendors. As an entity funded with tax dollars from Gary citizens, a preference for doing business with Gary vendors is reasonable.

LISTS OF EMPLOYEE NOT FILED WITH COUNTY TREASURER

The Library has always filed employee lists with the Lake County Treasurer in June and December in accordance with state statute. Their adherence to these rules and regulations is reflected in the e-mail, dated June 13, 2006 from Jackie Lang.

INACCURATE FORM W2'S

The W2-s issued to Library staff in 2004 and 2005 were correct. The Library is working to address inaccuracies in payroll records and will correct the problem by September 30, 2006.

PERSONAL USE OF LIBRARY PROPERTY

The GPL Board of Trustees will develop a policy to record any personal use of GPL property, including but not limited to cell phones and facsimile machines.

LIBRARY DONATIONS

Although the Sankofa Conference was not held at the Gary Public Library, the GPL was a full-fledged sponsor of the event. The GPL was included on all literature and one of the main speakers was Carla Hayden, national president of the American Library Association.

Additionally, the GPL is engaged in a joint venture with the Steel City Hall of Fame. The Hall of Fame is housed on GPL premises. Notwithstanding that fact, the GPL will make not make any payments inconsistent with state statute.

CLAIMS PAID WITH PRIOR APPROVAL

The staff provided documentation to support that all library claims were paid in accordance with the local "Disbursement Policy."

Please direct any additional questions to my attention at 219-886-2484. Thank you for your attention to this matter.

Sincerely,


Andrew Ledbetter

GARY PUBLIC LIBRARY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Penalties, Interest, and Other Charges, pages 7 and 8:			
Cynthia Watts, Treasurer, Paid Receipt 42609, Oct. 3	\$ 776.84	\$ 776.84	\$ -
Charlotte Gordon-Hull, Treasurer	<u>4,108.12</u>	<u>-</u>	<u>4,108.12</u>
 Total Penalties, Interest and Other Charges	 <u>4,884.96</u>	 <u>776.84</u>	 <u>4,108.12</u>
 Credit Card Supporting Documentation, pages 8 and 9:			
Christine Clay, Board Member, Paid Receipt 36744, Aug. 28	16.71	16.71	-
Benjamin R. Coleman, President of the Board	2,460.45	-	2,460.45
Samuel Custard, Director	252.42	-	252.42
Charlotte Hull, Board Member	30.25	-	30.25
Andrew Ledbetter, Board Member, Paid Receipt 42616, Oct. 6	196.11	196.11	-
Paula Nalls, Board Member, Paid Receipt 42620, Oct. 10	451.04	451.04	-
Sadie Sheffield, Board Member, Paid Receipt 42617, Oct. 9	<u>413.41</u>	<u>413.41</u>	<u>-</u>
 Total Credit Card Supporting Documentation	 <u>3,820.39</u>	 <u>1,077.27</u>	 <u>2,743.12</u>
 Total all charges	 <u>\$ 8,705.35</u>	 <u>\$ 1,854.11</u>	 <u>\$ 6,851.24</u>

AFFIDAVIT

STATE OF INDIANA)

LAKE COUNTY)

We, Robert James and Jane Elder, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Gary Public Library, Lake County, Indiana, for the period from January 1, 2004 to December 31, 2005, is true and correct to the best of our knowledge and belief.

Robert James
Jane Elder
Field Examiners

Subscribed and sworn to before me this 26th day of September 2006

Jacquelyn M. Sterling
Notary Public

My Commission Expires: 2/16/2012
County of Residence: Porter

