

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

MONROE COUNTY LIBRARY

MONROE COUNTY, INDIANA

January 1, 2009 to December 31, 2010



**FILED**  
11/21/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sara Laughlin	01-01-09 to 12-31-11
Treasurer	Penny Austin David Ferguson	01-01-09 to 01-31-09 02-01-09 to 12-31-11
Financial Officer	Bonnie Estell David Ferguson Vacant Gary Lettelleir	01-01-09 to 10-30-10 11-01-10 to 01-13-11 01-14-11 to 02-13-11 02-14-11 to 12-31-11
President of the Board	John Walsh Fred Risinger Kari Isaacson	01-01-09 to 01-31-10 02-01-10 to 12-31-10 01-01-11 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MONROE COUNTY LIBRARY, MONROE COUNTY, INDIANA

We have examined the financial statements of Monroe County Library (Library), for the period of January 1, 2009 to December 31, 2010. The Library's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Library prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Library for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

The Library's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Library's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Library's management, and Library Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

October 6, 2011

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Library. The financial statements and notes are presented as intended by the Library.

MONROE COUNTY PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating	\$ (789,251)	\$ 7,713,212	\$ 6,486,438	\$ 437,523
Petty Cash	185	-	-	185
Change	380	-	-	380
Gift Unrestricted	23,591	3,611	2,481	24,721
Rainy Day	665,649	119,772	268,172	517,249
Special Revenue	41,947	538,482	511,332	69,097
Gift Restricted	75,938	184,000	177,774	82,164
Clearing	17,960	7,697	6,848	18,809
Jail	-	6,000	6,000	-
In Kind Contribution	-	33,944	33,944	-
LSTA Grant	-	14,095	15,863	(1,768)
Debt Service	(528,456)	2,538,692	1,996,000	14,236
Lease Rental Payment	-	-	-	-
Capital Projects	112,690	526,948	530,872	108,766
LIRF	1,556,357	4,258	223,831	1,336,784
Payroll	16	4,136,862	4,121,800	15,078
PLAC	1,740	10,778	9,877	2,641
Retirees	(1,555)	14,789	13,234	-
Totals	<u>\$ 1,177,191</u>	<u>\$ 15,853,140</u>	<u>\$ 14,404,466</u>	<u>\$ 2,625,865</u>

The notes to the financial statement are an integral part of this statement.

MONROE COUNTY PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 437,523	\$ 8,140,310	\$ 7,412,558	\$ 1,165,275
Petty Cash	185	-	-	185
Change	380	-	-	380
Gift Unrestricted	24,721	27,568	12,582	39,707
Gates Hardware Grant	-	15,600	15,600	-
Rainy Day	517,249	305,265	13,613	808,901
Special Revenue	69,097	570,900	512,718	127,279
Gift Restricted	82,164	146,620	139,113	89,671
Clearing	18,809	12,918	31,727	-
Levy Excess	-	20,542	-	20,542
Jail	-	6,000	6,000	-
In Kind Contribution	-	225,233	225,233	-
LSTA Grant	(1,768)	7,001	5,233	-
LSTA - Civil War	-	10,069	14,431	(4,362)
Debt Service	14,236	2,099,687	1,996,000	117,923
Lease Rental Payment	-	-	-	-
Capital Projects	108,766	590,645	600,895	98,516
LIRF	1,336,784	154,122	450,059	1,040,847
Payroll	15,078	4,190,609	4,184,920	20,767
PLAC	2,641	11,651	11,742	2,550
Retirees	-	17,581	17,581	-
Totals	<u>\$ 2,625,865</u>	<u>\$ 16,552,321</u>	<u>\$ 15,650,005</u>	<u>\$ 3,528,181</u>

The notes to the financial statements are an integral part of this statement.

MONROE COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Library was established under the laws of the State of Indiana. The Library operates under an appointed governing board and provides culture services.

The accompanying financial statements presents the financial information for the Library (primary government), and does not include financial information for any of the Library's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Library (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Library.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

MONROE COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

MONROE COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Library may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Library. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Library. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Library in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Library submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Library in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

MONROE COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. Risk Management**

The Library may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Library to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Library by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 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:

MONROE COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Library which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Library. It is presented as intended by the Library.

MONROE COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	Operating	Petty Cash	Change	Gift Unrestricted	Rainy Day	Special Revenue	Gift Restricted
Cash and investments - beginning	\$ (789,251)	\$ 185	\$ 380	\$ 23,591	\$ 665,649	\$ 41,947	\$ 75,938
Receipts:							
Taxes	4,890,755	-	-	-	-	-	-
Intergovernmental	2,599,783	-	-	-	117,199	-	-
Charges for services	17,351	-	-	-	-	536,482	-
Fines and forfeits	163,224	-	-	-	-	-	-
Other receipts	42,099	-	-	3,611	2,573	2,000	184,000
Total receipts	<u>7,713,212</u>	<u>-</u>	<u>-</u>	<u>3,611</u>	<u>119,772</u>	<u>538,482</u>	<u>184,000</u>
Disbursements:							
Personal services	4,576,586	-	-	-	169,561	445,846	44,623
Supplies	89,778	-	-	506	38,497	25,246	40,886
Other services and charges	745,601	-	-	1,975	60,114	22,009	50,425
Capital outlay	1,073,298	-	-	-	-	18,231	41,840
Other disbursements	1,175	-	-	-	-	-	-
Total disbursements	<u>6,486,438</u>	<u>-</u>	<u>-</u>	<u>2,481</u>	<u>268,172</u>	<u>511,332</u>	<u>177,774</u>
Excess (deficiency) of receipts over disbursements	<u>1,226,774</u>	<u>-</u>	<u>-</u>	<u>1,130</u>	<u>(148,400)</u>	<u>27,150</u>	<u>6,226</u>
Cash and investments - ending	<u>\$ 437,523</u>	<u>\$ 185</u>	<u>\$ 380</u>	<u>\$ 24,721</u>	<u>\$ 517,249</u>	<u>\$ 69,097</u>	<u>\$ 82,164</u>

MONROE COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Clearing	Jail	In Kind Contribution	LSTA Grant	Debt Service	Lease Rental Payment
Cash and investments - beginning	\$ 17,960	\$ -	\$ -	\$ -	\$ (528,456)	\$ -
Receipts:						
Taxes	-	-	-	-	2,356,502	-
Intergovernmental	-	-	-	-	181,224	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	7,697	6,000	33,944	14,095	966	-
Total receipts	<u>7,697</u>	<u>6,000</u>	<u>33,944</u>	<u>14,095</u>	<u>2,538,692</u>	<u>-</u>
Disbursements:						
Personal services	3,251	-	-	5,210	-	-
Supplies	-	-	-	162	-	-
Other services and charges	3,582	-	-	-	1,996,000	-
Capital outlay	15	6,000	33,944	10,491	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>6,848</u>	<u>6,000</u>	<u>33,944</u>	<u>15,863</u>	<u>1,996,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>849</u>	<u>-</u>	<u>-</u>	<u>(1,768)</u>	<u>542,692</u>	<u>-</u>
Cash and investments - ending	<u>\$ 18,809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,768)</u>	<u>\$ 14,236</u>	<u>\$ -</u>

MONROE COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Capital Projects	LIRF	Payroll	PLAC	Retirees	Totals
Cash and investments - beginning	\$ 112,690	\$ 1,556,357	\$ 16	\$ 1,740	\$ (1,555)	\$ 1,177,191
Receipts:						
Taxes	484,946	-	-	-	-	7,732,203
Intergovernmental	42,002	-	-	-	-	2,940,208
Charges for services	-	-	-	-	-	553,833
Fines and forfeits	-	-	-	-	-	163,224
Other receipts	-	4,258	4,136,862	10,778	14,789	4,463,672
Total receipts	<u>526,948</u>	<u>4,258</u>	<u>4,136,862</u>	<u>10,778</u>	<u>14,789</u>	<u>15,853,140</u>
Disbursements:						
Personal services	-	-	(15,062)	-	13,234	5,243,249
Supplies	490	-	-	-	-	195,565
Other services and charges	22,976	43,160	-	9,877	-	2,955,719
Capital outlay	507,406	180,671	-	-	-	1,871,896
Other disbursements	-	-	4,136,862	-	-	4,138,037
Total disbursements	<u>530,872</u>	<u>223,831</u>	<u>4,121,800</u>	<u>9,877</u>	<u>13,234</u>	<u>14,404,466</u>
Excess (deficiency) of receipts over disbursements	<u>(3,924)</u>	<u>(219,573)</u>	<u>15,062</u>	<u>901</u>	<u>1,555</u>	<u>1,448,674</u>
Cash and investments - ending	<u>\$ 108,766</u>	<u>\$ 1,336,784</u>	<u>\$ 15,078</u>	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ 2,625,865</u>

MONROE COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Operating	Petty Cash	Change	Gift Unrestricted	Gates Hardware Grant	Rainy Day	Special Revenue	Gift Restricted
Cash and investments - beginning	\$ 437,523	\$ 185	\$ 380	\$ 24,721	\$ -	\$ 517,249	\$ 69,097	\$ 82,164
Receipts:								
Taxes	5,118,525	-	-	-	-	-	-	-
Intergovernmental	2,767,862	-	-	-	-	302,218	-	-
Charges for services	19,169	-	-	-	-	-	570,495	-
Fines and forfeits	199,883	-	-	-	-	-	-	-
Other receipts	34,871	-	-	27,568	15,600	3,047	405	146,620
Total receipts	8,140,310	-	-	27,568	15,600	305,265	570,900	146,620
Disbursements:								
Personal services	4,909,632	-	-	-	-	2,414	453,279	50,854
Supplies	302,976	-	-	2,017	-	-	25,317	33,221
Other services and charges	766,989	-	-	1,150	-	11,199	25,886	30,677
Capital outlay	1,281,669	-	-	9,415	15,600	-	8,236	24,361
Other disbursements	151,292	-	-	-	-	-	-	-
Total disbursements	7,412,558	-	-	12,582	15,600	13,613	512,718	139,113
Excess (deficiency) of receipts over disbursements	727,752	-	-	14,986	-	291,652	58,182	7,507
Cash and investments - ending	\$ 1,165,275	\$ 185	\$ 380	\$ 39,707	\$ -	\$ 808,901	\$ 127,279	\$ 89,671

MONROE COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Clearing	Levy Excess	Jail	In Kind Contribution	LSTA Grant	LSTA Civil War	Debt Service
Cash and investments - beginning	\$ 18,809	\$ -	\$ -	\$ -	\$ (1,768)	\$ -	\$ 14,236
Receipts:							
Taxes	-	20,542	-	-	-	-	1,882,856
Intergovernmental	-	-	-	-	-	-	215,646
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	12,918	-	6,000	225,233	7,001	10,069	1,185
Total receipts	12,918	20,542	6,000	225,233	7,001	10,069	2,099,687
Disbursements:							
Personal services	1,938	-	-	-	4,262	13,193	-
Supplies	-	-	-	-	556	-	-
Other services and charges	2,138	-	-	-	415	800	1,996,000
Capital outlay	27,651	-	6,000	225,233	-	438	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	31,727	-	6,000	225,233	5,233	14,431	1,996,000
Excess (deficiency) of receipts over disbursements	(18,809)	20,542	-	-	1,768	(4,362)	103,687
Cash and investments - ending	\$ -	\$ 20,542	\$ -	\$ -	\$ -	\$ (4,362)	\$ 117,923

MONROE COUNTY PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Lease Rental Payment	Capital Projects	LIRF	Payroll	PLAC	Retirees	Totals
Cash and investments - beginning	\$ -	\$ 108,766	\$ 1,336,784	\$ 15,078	\$ 2,641	\$ -	\$ 2,625,865
Receipts:							
Taxes	-	537,428	-	-	-	-	7,559,351
Intergovernmental	-	53,087	-	-	-	-	3,338,813
Charges for services	-	-	-	-	-	-	589,664
Fines and forfeits	-	-	-	-	-	-	199,883
Other receipts	-	130	154,122	4,190,609	11,651	17,581	4,864,610
Total receipts	-	590,645	154,122	4,190,609	11,651	17,581	16,552,321
Disbursements:							
Personal services	-	-	-	(5,689)	-	17,581	5,447,464
Supplies	-	-	-	-	-	-	364,087
Other services and charges	-	1,300	28,904	-	11,742	-	2,877,200
Capital outlay	-	599,595	421,155	-	-	-	2,619,353
Other disbursements	-	-	-	4,190,609	-	-	4,341,901
Total disbursements	-	600,895	450,059	4,184,920	11,742	17,581	15,650,005
Excess (deficiency) of receipts over disbursements	-	(10,250)	(295,937)	5,689	(91)	-	902,316
Cash and investments - ending	\$ -	\$ 98,516	\$ 1,040,847	\$ 20,767	\$ 2,550	\$ -	\$ 3,528,181

MONROE COUNTY PUBLIC LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 121,000
Land, Buildings, Infrastructure and Equipment Under Lease	20,257,915
Machinery and equipment	<u>2,336,594</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 22,715,509</u></u>

MONROE COUNTY LIBRARY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Library has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Holding Corporation	<u>\$ 2,226,083</u>	<u>\$ 1,996,000</u>

MONROE COUNTY LIBRARY  
EXAMINATION RESULT AND COMMENT

**PUBLIC WORKS**

During the examination period, the Library was involved in a construction project called Main Renovation\Flooring. The total contract amount was \$771,000.00 and change orders for this project totaled \$169,312.00, which was 22 percent of the total approved contract amount.

Indiana Code 36-1-12-18 states:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor.

(b) If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person.

(c) A change order may not be issued before commencement of the actual construction, reconstruction, or repairs except in the case of an emergency. In that case, the board must make a declaration, and the board's minutes must show the nature of the emergency.

(d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

(e) All change orders must be directly related to the original public work project.

(f) If additional units of materials included in the original contract are needed, the cost of these units in the change order must be the same as those shown in the original contract."

MONROE COUNTY LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2011, with Kari Isaacson, President of the Board; Sara Laughlin, Director; and Gary Lettelleir, Financial Officer. The official response has been made a part of this report and may be found on page 24.

## 2009-2010 MCPL Audit Comment - Official Response

Submitted October 7, 2011

We do not disagree with the audit comment regarding change orders for the Main Library renovation contract. The purpose of this response is to provide more information about the circumstances that led to the change orders for the Main Library Renovation Phase 1, 2, and 2A exceeding 20% of the original contract.

When the library Board of Trustees awarded the contract to 3D Contracting, Inc., at their meeting in September 2009, they approved the base bid plus several alternates. They did not accept several other alternates, because funding was not sufficient. Among the alternates not accepted were bids for replacement of carpet under the shelves on the second floor (Alternate #4 - \$127,000) and a build out of the VITAL area (Alternate #3 - \$13,000).

A significant change to available funds occurred later that fall when the Library was informed in November 2009 that its appeal to replace a 2009 budget shortfall had been granted by DLGF. This resulted in an increase to the library budget which allowed for the inclusion of Alternative 3 and 4. The combined cost for these change orders (\$140,000) amounted to 18.2% of the original contract. By the end of construction, three additional change orders, totaling \$169,312 raised the final total to 22% of the original contract.

Gary Lettelleir, Financial Officer