

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

GREENWOOD PUBLIC LIBRARY

JOHNSON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
09/25/2012



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OFFICIALS

| <u>Office</u>          | <u>Official</u>                   | <u>Term</u>                                  |
|------------------------|-----------------------------------|--|
| Director               | Margaret Hamilton<br>Cheryl Dobbs | 01-01-10 to 12-13-11<br>12-14-11 to 12-31-12 |
| Treasurer              | Shirley Vleck                     | 01-01-10 to 12-31-12                         |
| President of the Board | J. David Julian<br>Lori Feller    | 01-01-10 to 01-31-12<br>02-01-12 to 12-31-12 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE GREENWOOD PUBLIC LIBRARY, JOHNSON COUNTY, INDIANA

We have examined the financial statements of the Greenwood Public Library (Library), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 Results and Comments 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, Library Board, and others within the entity 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

July 17, 2012

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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.

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

| Fund                        | Cash and<br>Investments<br>01-01-10 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-10 |
|-----------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Operating           | \$ 87,886                           | \$ 1,724,073        | \$ 1,752,871        | \$ 59,088                           |
| LSTA Grant                  | -                                   | 27,236              | 26,092              | 1,144                               |
| Transfer Fund               | -                                   | 5,714,285           | 5,714,285           | -                                   |
| Gift Fund                   | 16,735                              | 42,020              | 20,065              | 38,690                              |
| Gift Video                  | 5,900                               | 14,143              | 15,142              | 4,901                               |
| Rainy Day Fund              | 7,509                               | 75,179              | 46,992              | 35,696                              |
| Target Grant                | 1,058                               | 2,000               | 2,666               | 392                                 |
| Bond 31 Lease Rental        | 256,305                             | -                   | 150,431             | 105,874                             |
| Bond #2 Debt Service        | 1,162                               | 804,597             | 286,472             | 519,287                             |
| Construction Fund           | -                                   | 240,624             | 79,759              | 160,865                             |
| Capital Projects            | 21,101                              | 180,335             | 201,436             | -                                   |
| LIRF                        | 13,053                              | -                   | 13,053              | -                                   |
| LIRF Savings                | 1,737                               | 13,053              | 12,049              | 2,741                               |
| Withhold Perf               | 5,532                               | 16,658              | 16,236              | 5,954                               |
| Federal Taxes Withheld      | -                                   | 52,573              | 52,573              | -                                   |
| State Tax Withheld          | -                                   | 28,056              | 28,056              | -                                   |
| FICA                        | -                                   | 50,074              | 50,074              | -                                   |
| County Tax Withheld         | -                                   | 9,895               | 9,895               | -                                   |
| Other Withholding           | 1,874                               | 5,030               | 162                 | 6,742                               |
| Plac Card                   | 451                                 | 2,860               | 2,800               | 511                                 |
| Section 125 (Employee's Wh) | 10,084                              | 43,658              | 41,707              | 12,035                              |
| Medicare                    | -                                   | 11,711              | 11,711              | -                                   |
| Totals                      | <u>\$ 430,387</u>                   | <u>\$ 9,058,060</u> | <u>\$ 8,534,527</u> | <u>\$ 953,920</u>                   |

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

GREENWOOD PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

| Fund                        | Cash and<br>Investments<br>01-01-11 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-11 |
|-----------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Operating           | \$ 59,088                           | \$ 1,929,397        | \$ 2,183,347        | \$ (194,862)                        |
| LIRF Savings                | 2,741                               | -                   | -                   | 2,741                               |
| Flex                        | -                                   | 4,836               | -                   | 4,836                               |
| Plac Card                   | 511                                 | 3,100               | 3,100               | 511                                 |
| LSTA Grant                  | 1,144                               | 9,901               | 7,764               | 3,281                               |
| Transfer Fund               | -                                   | 1,731,974           | 1,731,974           | -                                   |
| Gift Fund                   | 38,690                              | 32,538              | 62,794              | 8,434                               |
| Gift Video                  | 4,901                               | 13,251              | 1,143               | 17,009                              |
| Rainy Day Fund              | 35,696                              | 105,875             | 90,000              | 51,571                              |
| Target Grant                | 392                                 | 2,000               | 1,077               | 1,315                               |
| Bond 31 Lease Rental        | 105,874                             | -                   | 105,874             | -                                   |
| Bond #2 Debt Service        | 519,287                             | 207,447             | 561,787             | 164,947                             |
| Construction Fund           | 160,865                             | -                   | 159,842             | 1,023                               |
| Withhold Perf               | 5,954                               | 19,862              | 19,176              | 6,640                               |
| Federal Taxes Withheld      | -                                   | 74,681              | 74,681              | -                                   |
| State Tax Withheld          | -                                   | 31,052              | 31,052              | -                                   |
| FICA                        | -                                   | 36,507              | 36,507              | -                                   |
| County Tax Withheld         | -                                   | 10,092              | 10,092              | -                                   |
| Other Withholding           | 6,742                               | 1,089               | 7,831               | -                                   |
| Section 125 (Employee's Wh) | 12,035                              | 44,924              | 44,248              | 12,711                              |
| Medicare                    | -                                   | 12,604              | 12,604              | -                                   |
| Totals                      | <u>\$ 953,920</u>                   | <u>\$ 4,271,130</u> | <u>\$ 5,144,893</u> | <u>\$ 80,157</u>                    |

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

GREENWOOD 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.

*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.

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, 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: copy machine charges, and fines and fees.

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).

GREENWOOD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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

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.

GREENWOOD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

**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 any replacement items purchased.

GREENWOOD PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 6. Pension Plans**

*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 Indiana Public Employees' Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Employees' Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Library's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 approved by management of the Library. It is presented as intended by the Library.

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

|  | General<br>Operating | LSTA<br>Grant   | Transfer<br>Fund | Gift<br>Fund     | Gift<br>Video   | Rainy<br>Day<br>Fund |
|--|----------------------|-----------------|------------------|------------------|-----------------|----------------------|
| Cash and investments - beginning                   | \$ 87,886            | \$ -            | \$ -             | \$ 16,735        | \$ 5,900        | \$ 7,509             |
| Receipts:  |                      |                 |                  |                  |                 |                      |
| Taxes  | 665,322              | -               | -                | -                | -               | -                    |
| Licenses and permits                               | -                    | -               | -                | -                | -               | -                    |
| Intergovernmental                                  | 739,224              | -               | -                | -                | -               | 72,979               |
| Charges for services                               | 9,688                | -               | -                | -                | -               | -                    |
| Fines and forfeits                                 | 25,393               | -               | -                | 42,020           | 14,143          | -                    |
| Other receipts                                     | 284,446              | 27,236          | 5,714,285        | -                | -               | 2,200                |
| Total receipts                                     | <u>1,724,073</u>     | <u>27,236</u>   | <u>5,714,285</u> | <u>42,020</u>    | <u>14,143</u>   | <u>75,179</u>        |
| Disbursements:                                     |                      |                 |                  |                  |                 |                      |
| Personal services                                  | 1,044,563            | -               | -                | -                | -               | -                    |
| Supplies   | 28,805               | 1,326           | -                | 2,204            | -               | -                    |
| Other services and charges                         | 333,799              | 4,237           | -                | 13,219           | -               | 14,880               |
| Capital outlay                                     | 82,468               | 20,529          | -                | 4,642            | 15,142          | 32,112               |
| Other disbursements                                | 263,236              | -               | 5,714,285        | -                | -               | -                    |
| Total disbursements                                | <u>1,752,871</u>     | <u>26,092</u>   | <u>5,714,285</u> | <u>20,065</u>    | <u>15,142</u>   | <u>46,992</u>        |
| Excess (deficiency) of receipts over disbursements | <u>(28,798)</u>      | <u>1,144</u>    | <u>-</u>         | <u>21,955</u>    | <u>(999)</u>    | <u>28,187</u>        |
| Cash and investments - ending                      | <u>\$ 59,088</u>     | <u>\$ 1,144</u> | <u>\$ -</u>      | <u>\$ 38,690</u> | <u>\$ 4,901</u> | <u>\$ 35,696</u>     |

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

|  | Target<br>Grant | Bond<br>31<br>Lease<br>Rental | Bond<br>#2<br>Debt<br>Service | Construction<br>Fund | Capital<br>Projects | LIRF            |
|--|-----------------|-------------------------------|-------------------------------|----------------------|---------------------|-----------------|
| Cash and investments - beginning                   | \$ 1,058        | \$ 256,305                    | \$ 1,162                      | \$ -                 | \$ 21,101           | \$ 13,053       |
| Receipts:  |                 |                               |                               |                      |                     |                 |
| Taxes  | -               | -                             | 532,316                       | -                    | 101,377             | -               |
| Licenses and permits                               | -               | -                             | 53,475                        | -                    | -                   | -               |
| Intergovernmental                                  | -               | -                             | 1,917                         | -                    | 10,407              | -               |
| Charges for services                               | -               | -                             | -                             | -                    | -                   | -               |
| Fines and forfeits                                 | -               | -                             | -                             | -                    | -                   | -               |
| Other receipts                                     | 2,000           | -                             | 216,889                       | 240,624              | 68,551              | -               |
| Total receipts                                     | <u>2,000</u>    | <u>-</u>                      | <u>804,597</u>                | <u>240,624</u>       | <u>180,335</u>      | <u>-</u>        |
| Disbursements:                                     |                 |                               |                               |                      |                     |                 |
| Personal services                                  | -               | -                             | -                             | -                    | -                   | -               |
| Supplies   | 2,038           | -                             | -                             | -                    | -                   | -               |
| Other services and charges                         | 14              | -                             | -                             | 79,759               | 113,000             | -               |
| Capital outlay                                     | 614             | -                             | -                             | -                    | 22,000              | -               |
| Other disbursements                                | -               | 150,431                       | 286,472                       | -                    | 66,436              | 13,053          |
| Total disbursements                                | <u>2,666</u>    | <u>150,431</u>                | <u>286,472</u>                | <u>79,759</u>        | <u>201,436</u>      | <u>13,053</u>   |
| Excess (deficiency) of receipts over disbursements | <u>(666)</u>    | <u>(150,431)</u>              | <u>518,125</u>                | <u>160,865</u>       | <u>(21,101)</u>     | <u>(13,053)</u> |
| Cash and investments - ending                      | <u>\$ 392</u>   | <u>\$ 105,874</u>             | <u>\$ 519,287</u>             | <u>\$ 160,865</u>    | <u>\$ -</u>         | <u>\$ -</u>     |

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

|  | LIRF<br>Savings | Withhold<br>Perf | Federal<br>Taxes<br>Withheld | State<br>Tax<br>Withheld | FICA          | County<br>Tax<br>Withheld |
|--|-----------------|------------------|------------------------------|--------------------------|---------------|---------------------------|
| Cash and investments - beginning                   | \$ 1,737        | \$ 5,532         | \$ -                         | \$ -                     | \$ -          | \$ -                      |
| Receipts:  |                 |                  |                              |                          |               |                           |
| Taxes  | -               | -                | -                            | -                        | -             | -                         |
| Licenses and permits                               | -               | -                | -                            | -                        | -             | -                         |
| Intergovernmental                                  | 13,053          | -                | -                            | -                        | -             | -                         |
| Charges for services                               | -               | -                | -                            | -                        | -             | -                         |
| Fines and forfeits                                 | -               | -                | -                            | -                        | -             | -                         |
| Other receipts                                     | -               | 16,658           | 52,573                       | 28,056                   | 50,074        | 9,895                     |
| Total receipts                                     | <u>13,053</u>   | <u>16,658</u>    | <u>52,573</u>                | <u>28,056</u>            | <u>50,074</u> | <u>9,895</u>              |
| Disbursements:                                     |                 |                  |                              |                          |               |                           |
| Personal services                                  | -               | -                | -                            | -                        | -             | -                         |
| Supplies   | -               | -                | -                            | -                        | -             | -                         |
| Other services and charges                         | 9,359           | 16,236           | -                            | -                        | -             | -                         |
| Capital outlay                                     | -               | -                | -                            | -                        | -             | -                         |
| Other disbursements                                | 2,690           | -                | 52,573                       | 28,056                   | 50,074        | 9,895                     |
| Total disbursements                                | <u>12,049</u>   | <u>16,236</u>    | <u>52,573</u>                | <u>28,056</u>            | <u>50,074</u> | <u>9,895</u>              |
| Excess (deficiency) of receipts over disbursements | <u>1,004</u>    | <u>422</u>       | <u>-</u>                     | <u>-</u>                 | <u>-</u>      | <u>-</u>                  |
| Cash and investments - ending                      | <u>\$ 2,741</u> | <u>\$ 5,954</u>  | <u>\$ -</u>                  | <u>\$ -</u>              | <u>\$ -</u>   | <u>\$ -</u>               |

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

|  | Other<br>Withholding | Plac<br>Card | Section<br>125<br>(Employee's<br>Wh) | Medicare | Totals     |
|--|----------------------|--------------|--------------------------------------|----------|------------|
| Cash and investments - beginning                   | \$ 1,874             | \$ 451       | \$ 10,084                            | \$ -     | \$ 430,387 |
| Receipts:  |                      |              |                                      |          |            |
| Taxes  | -                    | -            | -                                    | -        | 1,299,015  |
| Licenses and permits                               | -                    | -            | -                                    | -        | 53,475     |
| Intergovernmental                                  | -                    | -            | -                                    | -        | 837,580    |
| Charges for services                               | -                    | -            | -                                    | -        | 9,688      |
| Fines and forfeits                                 | -                    | -            | -                                    | -        | 81,556     |
| Other receipts                                     | 5,030                | 2,860        | 43,658                               | 11,711   | 6,776,746  |
| Total receipts                                     | 5,030                | 2,860        | 43,658                               | 11,711   | 9,058,060  |
| Disbursements:                                     |                      |              |                                      |          |            |
| Personal services                                  | -                    | -            | 36,144                               | -        | 1,080,707  |
| Supplies   | -                    | -            | -                                    | -        | 34,373     |
| Other services and charges                         | 162                  | 2,800        | 5,563                                | -        | 593,028    |
| Capital outlay                                     | -                    | -            | -                                    | -        | 177,507    |
| Other disbursements                                | -                    | -            | -                                    | 11,711   | 6,648,912  |
| Total disbursements                                | 162                  | 2,800        | 41,707                               | 11,711   | 8,534,527  |
| Excess (deficiency) of receipts over disbursements | 4,868                | 60           | 1,951                                | -        | 523,533    |
| Cash and investments - ending                      | \$ 6,742             | \$ 511       | \$ 12,035                            | \$ -     | \$ 953,920 |

GREENWOOD PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

|  | General<br>Operating | LIRF<br>Savings | Flex            | Plac<br>Card  | LSTA<br>Grant   | Transfer<br>Fund |
|--|----------------------|-----------------|-----------------|---------------|-----------------|------------------|
| Cash and investments - beginning                   | \$ 59,088            | \$ 2,741        | \$ -            | \$ 511        | \$ 1,144        | \$ -             |
| Receipts:  |                      |                 |                 |               |                 |                  |
| Taxes  | 803,021              | -               | -               | -             | -               | -                |
| Intergovernmental                                  | 651,294              | -               | -               | -             | -               | -                |
| Charges for services                               | 59,857               | -               | -               | 3,100         | -               | -                |
| Other receipts                                     | 415,225              | -               | 4,836           | -             | 9,901           | 1,731,974        |
| Total receipts                                     | <u>1,929,397</u>     | <u>-</u>        | <u>4,836</u>    | <u>3,100</u>  | <u>9,901</u>    | <u>1,731,974</u> |
| Disbursements:                                     |                      |                 |                 |               |                 |                  |
| Personal services                                  | 1,195,223            | -               | -               | -             | -               | -                |
| Supplies   | 103,359              | -               | -               | -             | 7,764           | -                |
| Other services and charges                         | 424,108              | -               | -               | 3,100         | -               | -                |
| Debt service - principal and interest              | 301,245              | -               | -               | -             | -               | -                |
| Capital outlay                                     | 159,412              | -               | -               | -             | -               | -                |
| Other disbursements                                | -                    | -               | -               | -             | -               | 1,731,974        |
| Total disbursements                                | <u>2,183,347</u>     | <u>-</u>        | <u>-</u>        | <u>3,100</u>  | <u>7,764</u>    | <u>1,731,974</u> |
| Excess (deficiency) of receipts over disbursements | <u>(253,950)</u>     | <u>-</u>        | <u>4,836</u>    | <u>-</u>      | <u>2,137</u>    | <u>-</u>         |
| Cash and investments - ending                      | <u>\$ (194,862)</u>  | <u>\$ 2,741</u> | <u>\$ 4,836</u> | <u>\$ 511</u> | <u>\$ 3,281</u> | <u>\$ -</u>      |

GREENWOOD PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Gift<br>Fund    | Gift<br>Video    | Rainy<br>Day<br>Fund | Target<br>Grant | Bond<br>31<br>Lease<br>Rental | Bond<br>#2<br>Debt<br>Service |
|--|-----------------|------------------|----------------------|-----------------|-------------------------------|-------------------------------|
| Cash and investments - beginning                   | \$ 38,690       | \$ 4,901         | \$ 35,696            | \$ 392          | \$ 105,874                    | \$ 519,287                    |
| Receipts:  |                 |                  |                      |                 |                               |                               |
| Taxes  | -               | -                | -                    | -               | -                             | 207,447                       |
| Intergovernmental                                  | -               | -                | -                    | -               | -                             | -                             |
| Charges for services                               | -               | -                | -                    | -               | -                             | -                             |
| Other receipts                                     | 32,538          | 13,251           | 105,875              | 2,000           | -                             | -                             |
| Total receipts                                     | <u>32,538</u>   | <u>13,251</u>    | <u>105,875</u>       | <u>2,000</u>    | <u>-</u>                      | <u>207,447</u>                |
| Disbursements:                                     |                 |                  |                      |                 |                               |                               |
| Personal services                                  | 1,957           | -                | -                    | -               | -                             | -                             |
| Supplies   | 40,592          | 1,143            | -                    | 1,077           | -                             | -                             |
| Other services and charges                         | 20,245          | -                | -                    | -               | -                             | -                             |
| Debt service - principal and interest              | -               | -                | -                    | -               | -                             | 561,787                       |
| Capital outlay                                     | -               | -                | -                    | -               | -                             | -                             |
| Other disbursements                                | -               | -                | 90,000               | -               | 105,874                       | -                             |
| Total disbursements                                | <u>62,794</u>   | <u>1,143</u>     | <u>90,000</u>        | <u>1,077</u>    | <u>105,874</u>                | <u>561,787</u>                |
| Excess (deficiency) of receipts over disbursements | <u>(30,256)</u> | <u>12,108</u>    | <u>15,875</u>        | <u>923</u>      | <u>(105,874)</u>              | <u>(354,340)</u>              |
| Cash and investments - ending                      | <u>\$ 8,434</u> | <u>\$ 17,009</u> | <u>\$ 51,571</u>     | <u>\$ 1,315</u> | <u>\$ -</u>                   | <u>\$ 164,947</u>             |

GREENWOOD PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | Construction<br>Fund | Withhold<br>Perf | Federal<br>Taxes<br>Withheld | State<br>Tax<br>Withheld | FICA          |
|--|----------------------|------------------|------------------------------|--------------------------|---------------|
| Cash and investments - beginning                   | \$ 160,865           | \$ 5,954         | \$ -                         | \$ -                     | \$ -          |
| Receipts:  |                      |                  |                              |                          |               |
| Taxes  | -                    | -                | -                            | -                        | -             |
| Intergovernmental                                  | -                    | -                | -                            | -                        | -             |
| Charges for services                               | -                    | -                | -                            | -                        | -             |
| Other receipts                                     | -                    | 19,862           | 74,681                       | 31,052                   | 36,507        |
| Total receipts                                     | <u>-</u>             | <u>19,862</u>    | <u>74,681</u>                | <u>31,052</u>            | <u>36,507</u> |
| Disbursements:                                     |                      |                  |                              |                          |               |
| Personal services                                  | -                    | 19,176           | -                            | -                        | -             |
| Supplies   | -                    | -                | -                            | -                        | -             |
| Other services and charges                         | 159,842              | -                | -                            | -                        | -             |
| Debt service - principal and interest              | -                    | -                | -                            | -                        | -             |
| Capital outlay                                     | -                    | -                | -                            | -                        | -             |
| Other disbursements                                | -                    | -                | 74,681                       | 31,052                   | 36,507        |
| Total disbursements                                | <u>159,842</u>       | <u>19,176</u>    | <u>74,681</u>                | <u>31,052</u>            | <u>36,507</u> |
| Excess (deficiency) of receipts over disbursements | <u>(159,842)</u>     | <u>686</u>       | <u>-</u>                     | <u>-</u>                 | <u>-</u>      |
| Cash and investments - ending                      | <u>\$ 1,023</u>      | <u>\$ 6,640</u>  | <u>\$ -</u>                  | <u>\$ -</u>              | <u>\$ -</u>   |

GREENWOOD PUBLIC LIBRARY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

|  | County<br>Tax<br>Withheld | Other<br>Withholding | Section<br>125<br>(Employee's<br>Wh) | Medicare | Totals     |
|--|---------------------------|----------------------|--------------------------------------|----------|------------|
| Cash and investments - beginning                   | \$ -                      | \$ 6,742             | \$ 12,035                            | \$ -     | \$ 953,920 |
| Receipts:  |                           |                      |                                      |          |            |
| Taxes  | -                         | -                    | -                                    | -        | 1,010,468  |
| Intergovernmental                                  | -                         | -                    | -                                    | -        | 651,294    |
| Charges for services                               | -                         | -                    | -                                    | -        | 62,957     |
| Other receipts                                     | 10,092                    | 1,089                | 44,924                               | 12,604   | 2,546,411  |
| Total receipts                                     | 10,092                    | 1,089                | 44,924                               | 12,604   | 4,271,130  |
| Disbursements:                                     |                           |                      |                                      |          |            |
| Personal services                                  | -                         | -                    | -                                    | -        | 1,216,356  |
| Supplies   | -                         | -                    | -                                    | -        | 153,935    |
| Other services and charges                         | -                         | -                    | -                                    | -        | 607,295    |
| Debt service - principal and interest              | -                         | -                    | -                                    | -        | 863,032    |
| Capital outlay                                     | -                         | -                    | -                                    | -        | 159,412    |
| Other disbursements                                | 10,092                    | 7,831                | 44,248                               | 12,604   | 2,144,863  |
| Total disbursements                                | 10,092                    | 7,831                | 44,248                               | 12,604   | 5,144,893  |
| Excess (deficiency) of receipts over disbursements | -                         | (6,742)              | 676                                  | -        | (873,763)  |
| Cash and investments - ending                      | \$ -                      | \$ -                 | \$ 12,711                            | \$ -     | \$ 80,157  |

GREENWOOD PUBLIC LIBRARY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

| Type   | Description of Debt<br>Purpose                     | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|--|--|--------------------------------|---|
| Governmental activities:<br>General obligation bonds | General Obligation Refunding and Improvement Bonds | \$ 3,180,000                   | \$ 382,394  |
| Totals   |  | <u>\$ 3,180,000</u>            | <u>\$ 382,394</u>                                   |

GREENWOOD PUBLIC LIBRARY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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>Ending<br/>Balance</u> |
|-----------------------------------|---------------------------|
| Governmental activities:          |                           |
| Land                              | \$ 43,890                 |
| Buildings                         | 10,142,596                |
| Improvements other than buildings | 250,000                   |
| Machinery, equipment and vehicles | 1,492,570                 |
| Books and other                   | <u>3,410,000</u>          |
| Total governmental activities     | <u>15,339,056</u>         |
| Total capital assets              | <u>\$ 15,339,056</u>      |

GREENWOOD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

***FUND SOURCES AND USES***

Unemployment fund receipts, insurance reimbursements, and vendor overpayments were incorrectly recorded in the Gift Fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

***SALES TAX***

Sales tax in the amount of \$1,791.17 was paid on the rental of copy machines during the examination period.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

***FINANCE CHARGES***

The Library incurred, and subsequently paid, late charges in the amount of \$192.19 for delinquent payment of vendor invoices during 2011. Similar comments have appeared in the previous two examination reports. On July 17, 2012, Margaret Hamilton, former Director, reimbursed the Library the full amount.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

***SALARY ORDINANCE***

During the examination period the salary ordinance was not approved by the Library Board.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolutions or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 8)

GREENWOOD PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**CAPITAL PROJECTS FUND**

During the examination period payments of loans to the bond bank, monthly utility bills, a refrigerator for the lounge, and consultant fees for the budget was paid from the Capital Projects Fund.

A library district may establish a capital projects fund with respect to a facility used or to be used by the library district. The fund may be used to pay for the following: 1. Planned construction, repair, replacement, or remodeling; 2. Site acquisition; 3. Site development; 4. Repair, replacement, or site acquisition that is necessitated by an emergency. [IC 36-12-12-2]

Money in the fund may be used to pay for the purchase, lease, or repair of equipment to be used by the library district. Also, the fund may be used to pay for the purchase, lease, upgrading, maintenance, or repair of computer hardware or software. [IC 36-12-12-2] (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 2)

**OVERDRAWN FUND BALANCE**

The Operating Fund was overdrawn at December 31, 2011.

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)

**APPROPRIATIONS**

The following expenditures were in excess of budgeted appropriations:

| Fund                     | Years | Excess<br>Amount<br>Expended |
|--------------------------|-------|------------------------------|
| Rainy Day                | 2010  | \$ 46,992                    |
| General                  | 2010  | 261,472                      |
| Library Capital Projects | 2010  | 66,436                       |
| General                  | 2011  | 579,052                      |
| Library Capital Projects | 2011  | 180,876                      |

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

GREENWOOD PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2012, with Margaret Hamilton, former Director.

The contents of this report were discussed on July 17, 2012, with Lori Feller, President of the Board; Cheryl Dobbs, Director; Lynn Johnson, Bookkeeper; Mike Crumbo, Board member; and Shirley Vleck, Treasurer. The official response has been made a part of this report and may be found on page 27.

## General Comment:

The administration and trustees of the Greenwood Public Library concur with the findings of the State Board of Accounts. Our responses included here are meant to outline our corrective action plan, MOST of which we have already implemented. Some of the action steps already taken by the Library include the hiring of a new Library Director, installation of three new board members, creation of a Trustee Finance Committee and the hiring of a new outside budget consultant.

### Item 1: Fund Sources and Uses

This issue was addressed early this year when tighter controls of all funds were put in place by the Trustee Finance Committee and new Director in adherence to our five year recovery plan (which can be found on our website). Misuse of the gift fund has already been corrected by limiting disbursements to the purpose for which gifts were received. Additionally, only gifts designated to specific purpose are now deposited into this fund.

### Item 2: Sales Tax

We are undertaking a review of all invoices and payments in the last six months to ensure that there are no other sales tax payments, and are already working with the lease company in question to correct this oversight.

### Item 3: Finance Charges

We have already taken several steps to ensure that this pattern of late fees is completely eliminated. First and foremost we are living well under our budget and making every decision with a view to ending the year with the desired general fund balance. We have also worked with several vendors to shift our due dates to coincide with our board meeting, and worked with our board to provide resolutions to allow utilities with immovable due dates to be paid by electronic transfer mid-month.

### Item 4: Salary Ordinance

This item has already been addressed and the current salary ordinance was approved at the January 2012 board meeting as reflected in the minutes. It is also on the board's annual calendar.

### Item 5: Capital Projects Fund

This item has already been resolved by the Trustees and new Director.

### Item 6: Overdrawn Fund Balance

This was one of the first issues addressed in the recovery plan for GPL. We have reduced expenses through layoffs and a reduction of operating hours as well as the implementation of the five year recovery plan. The finance committee and board are involved in monitoring appropriations for 2012 at their monthly meetings, and this issue has been addressed in detail as we plan for 2013.