

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LAPORTE COUNTY PUBLIC LIBRARY

LAPORTE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/10/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Judy Hamilton	01-01-10 to 10-27-10
	Fonda Owens (Interim)	10-28-10 to 10-27-11
	Fonda Owens	10-28-11 to 12-31-12
Treasurer	Kenneth J. Moryl	01-01-10 to 12-31-10
	Ronald Gigliotti	01-01-11 to 12-31-12
President of the Board	William Mack	01-01-10 to 12-31-10
	Michael F. Essling	01-01-11 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAPORTE COUNTY PUBLIC LIBRARY, LAPORTE COUNTY, INDIANA

We have examined the accompanying financial statements of the LaPorte County Public Library (Library), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on the financial statements 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.

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.

Our examination was conducted for the purpose of forming an opinion on the Library's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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

September 5, 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.

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating Fund	\$ (328,352)	\$ 3,785,593	\$ 3,306,805	\$ 150,436
Gift Fund - Memorial Donations	4,866	396	4,694	568
State Technology Grant Fund	-	3,397	-	3,397
Gift Fund - Miscellaneous Donations	4,189	13,457	13,642	4,004
Gift Fund - Endowment - Tenkonohy	27,615	-	-	27,615
Gift Fund - Endowment - Coffeen	19,441	-	-	19,441
Gift Fund - Endowment - Schumm	1,500	-	-	1,500
Gift Fund - Endowment - Thomas	6,622	-	-	6,622
Gates Foundation Grant	-	7,800	7,800	-
Rainy Day Fund	18,088	1,006,990	-	1,025,078
Gift Fund - Burg Memorial	1,000	-	-	1,000
Levy Excess Fund	5,897	-	-	5,897
Lease Rental Fund	767,050	365,471	1,006,990	125,531
Capital Projects Fund	8,600	197,335	177,638	28,297
Library Improvement Reserve Fund	787,144	-	25,000	762,144
Payroll Deductions Not Yet Paid	419	639,742	639,906	255
Plac Fund	-	100	100	-
Totals	<u>\$ 1,324,079</u>	<u>\$ 6,020,281</u>	<u>\$ 5,182,575</u>	<u>\$ 2,161,785</u>

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

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating Fund	\$ 150,436	\$ 3,163,392	\$ 3,271,485	\$ 42,343
Rainy Day Fund	1,025,078	293,066	-	1,318,144
Levy Excess Fund	5,897	-	5,897	-
Capital Projects Fund	28,297	-	28,297	-
Library Improvement Reserve Fund	762,144	-	13,465	748,679
Plac Fund	-	100	100	-
Gift Fund - Memorial Donations	568	47,306	40,809	7,065
State Technology Grant Fund	3,397	11,781	12,871	2,307
Gift Fund - Miscellaneous Donations	4,004	22,661	22,490	4,175
Gift Fund - Endowment - Tenkonohy	27,615	-	-	27,615
Gift Fund - Endowment - Coffeen	19,441	-	-	19,441
Gift Fund - Endowment - Schumm	1,500	-	-	1,500
Gift Fund - Endowment - Thomas	6,622	-	-	6,622
Gates Foundation Grant	-	5,200	1,241	3,959
Gift Fund - Burg Memorial	1,000	-	-	1,000
Lease Rental Fund n/k/a Debt Service Fund	125,531	264,710	275,226	115,015
Payroll Deductions Not Yet Paid	255	533,342	532,732	865
Totals	<u>\$ 2,161,785</u>	<u>\$ 4,341,558</u>	<u>\$ 4,204,613</u>	<u>\$ 2,298,730</u>

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

LAPORTE 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 present 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 include 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, 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.

LAPORTE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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).

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 include 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.

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

LAPORTE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

LAPORTE COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

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 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 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.

Note 7. Subsequent Events

LaPorte County Property Taxes

LaPorte County has been unable to establish approved assessment amounts for county-wide properties. This has caused the County to bill property owners based on "provisional" tax bills. Reconciling bills for 2008 payable 2009 and 2009 payable 2010 have been sent out by the County. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the County. It is undetermined how much property tax collections the County will receive once all the reconciliation bills have been distributed and the collections received.

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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/.

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.

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

	Operating Fund	Gift Fund - Memorial Donations	State Technology Grant Fund	Gift Fund - Miscellaneous Donations	Gift Fund - Endowment - Tenkonohy	Gift Fund - Endowment - Coffeen
Cash and investments - beginning	\$ (328,352)	\$ 4,866	\$ -	\$ 4,189	\$ 27,615	\$ 19,441
Receipts:						
Taxes	2,954,265	-	-	-	-	-
Intergovernmental	697,144	-	3,397	-	-	-
Charges for services	5,478	-	-	-	-	-
Fines and forfeits	110,976	-	-	-	-	-
Other receipts	17,730	396	-	13,457	-	-
Total receipts	<u>3,785,593</u>	<u>396</u>	<u>3,397</u>	<u>13,457</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	2,358,922	-	-	-	-	-
Supplies	72,093	-	-	-	-	-
Other services and charges	445,494	-	-	12,383	-	-
Capital outlay	430,296	4,694	-	1,259	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,306,805</u>	<u>4,694</u>	<u>-</u>	<u>13,642</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>478,788</u>	<u>(4,298)</u>	<u>3,397</u>	<u>(185)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 150,436</u>	<u>\$ 568</u>	<u>\$ 3,397</u>	<u>\$ 4,004</u>	<u>\$ 27,615</u>	<u>\$ 19,441</u>

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

	Gift Fund - Endowment - Schumm	Gift Fund - Endowment - Thomas	Gates Foundation Grant	Rainy Day Fund	Gift Fund - Burg Memorial	Levy Excess Fund
Cash and investments - beginning	\$ 1,500	\$ 6,622	\$ -	\$ 18,088	\$ 1,000	\$ 5,897
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	7,800	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	1,006,990	-	-
Total receipts	-	-	7,800	1,006,990	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	7,800	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	7,800	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	1,006,990	-	-
Cash and investments - ending	<u>\$ 1,500</u>	<u>\$ 6,622</u>	<u>\$ -</u>	<u>\$ 1,025,078</u>	<u>\$ 1,000</u>	<u>\$ 5,897</u>

LAPORTE 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 Fund	Capital Projects Fund	Library Improvement Reserve Fund	Payroll Deductions Not Yet Paid	Plac Fund	Totals
Cash and investments - beginning	\$ 767,050	\$ 8,600	\$ 787,144	\$ 419	\$ -	\$ 1,324,079
Receipts:						
Taxes	324,475	176,143	-	-	-	3,454,883
Intergovernmental	37,948	20,600	-	-	-	766,889
Charges for services	-	-	-	-	-	5,478
Fines and forfeits	-	-	-	-	-	110,976
Other receipts	<u>3,048</u>	<u>592</u>	<u>-</u>	<u>639,742</u>	<u>100</u>	<u>1,682,055</u>
Total receipts	<u>365,471</u>	<u>197,335</u>	<u>-</u>	<u>639,742</u>	<u>100</u>	<u>6,020,281</u>
Disbursements:						
Personal services	-	-	-	-	-	2,358,922
Supplies	-	-	-	-	-	72,093
Other services and charges	-	148,475	5,270	-	100	611,722
Capital outlay	-	29,163	19,730	-	-	492,942
Other disbursements	<u>1,006,990</u>	<u>-</u>	<u>-</u>	<u>639,906</u>	<u>-</u>	<u>1,646,896</u>
Total disbursements	<u>1,006,990</u>	<u>177,638</u>	<u>25,000</u>	<u>639,906</u>	<u>100</u>	<u>5,182,575</u>
Excess (deficiency) of receipts over disbursements	<u>(641,519)</u>	<u>19,697</u>	<u>(25,000)</u>	<u>(164)</u>	<u>-</u>	<u>837,706</u>
Cash and investments - ending	<u>\$ 125,531</u>	<u>\$ 28,297</u>	<u>\$ 762,144</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 2,161,785</u>

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

	Operating Fund	Rainy Day Fund	Levy Excess Fund	Capital Projects Fund	Library Improvement Reserve Fund	Plac Fund
Cash and investments - beginning	\$ 150,436	\$ 1,025,078	\$ 5,897	\$ 28,297	\$ 762,144	\$ -
Receipts:						
Taxes	2,347,891	-	-	-	-	-
Intergovernmental	641,711	17,840	-	-	-	-
Charges for services	4,599	-	-	-	-	100
Fines and forfeits	105,618	-	-	-	-	-
Other receipts	63,573	275,226	-	-	-	-
Total receipts	<u>3,163,392</u>	<u>293,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100</u>
Disbursements:						
Personal services	2,251,869	-	-	-	-	-
Supplies	70,616	-	-	-	-	-
Other services and charges	505,823	-	-	-	-	-
Capital outlay	443,177	-	-	-	13,465	-
Other disbursements	-	-	5,897	28,297	-	100
Total disbursements	<u>3,271,485</u>	<u>-</u>	<u>5,897</u>	<u>28,297</u>	<u>13,465</u>	<u>100</u>
Excess (deficiency) of receipts over disbursements	<u>(108,093)</u>	<u>293,066</u>	<u>(5,897)</u>	<u>(28,297)</u>	<u>(13,465)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 42,343</u>	<u>\$ 1,318,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,679</u>	<u>\$ -</u>

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

	Gift Fund - Memorial Donations	State Technology Grant Fund	Gift Fund - Miscellaneous Donations	Gift Fund - Endowment - Tenkonohy	Gift Fund - Endowment - Coffeen	Gift Fund - Endowment - Schumm
Cash and investments - beginning	\$ 568	\$ 3,397	\$ 4,004	\$ 27,615	\$ 19,441	\$ 1,500
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	47,306	11,781	22,661	-	-	-
Total receipts	47,306	11,781	22,661	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,864	3,397	17,283	-	-	-
Capital outlay	38,945	9,474	5,207	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	40,809	12,871	22,490	-	-	-
Excess (deficiency) of receipts over disbursements	6,497	(1,090)	171	-	-	-
Cash and investments - ending	\$ 7,065	\$ 2,307	\$ 4,175	\$ 27,615	\$ 19,441	\$ 1,500

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

	Gift Fund - Endowment - Thomas	Gates Foundation Grant	Gift Fund - Burg Memorial	Lease Rental Fund n/k/a Debt Service Fund	Payroll Deductions Not Yet Paid	Totals
Cash and investments - beginning	\$ 6,622	\$ -	\$ 1,000	\$ 125,531	\$ 255	\$ 2,161,785
Receipts:						
Taxes	-	-	-	244,672	-	2,592,563
Intergovernmental	-	-	-	20,038	-	679,589
Charges for services	-	-	-	-	-	4,699
Fines and forfeits	-	-	-	-	-	105,618
Other receipts	-	5,200	-	-	533,342	959,089
Total receipts	-	5,200	-	264,710	533,342	4,341,558
Disbursements:						
Personal services	-	-	-	-	-	2,251,869
Supplies	-	-	-	-	-	70,616
Other services and charges	-	-	-	-	-	528,367
Capital outlay	-	1,241	-	-	-	511,509
Other disbursements	-	-	-	275,226	532,732	842,252
Total disbursements	-	1,241	-	275,226	532,732	4,204,613
Excess (deficiency) of receipts over disbursements	-	3,959	-	(10,516)	610	136,945
Cash and investments - ending	\$ 6,622	\$ 3,959	\$ 1,000	\$ 115,015	\$ 865	\$ 2,298,730

LAPORTE COUNTY 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.

	Ending Balance
Governmental activities:	
Land	\$ 473,479
Buildings	1,237,723
Improvements other than buildings	3,421,213
Machinery, equipment and vehicles	1,704,113
Books and other	5,423,806
Total governmental activities	12,260,334
Total capital assets	\$ 12,260,334

LAPORTE COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

INTERNAL REVENUE SERVICE REQUIREMENTS

The LaPorte County Public Library did not comply with directives of the IRS in regards to the filing requirements for Form 1099-Misc. A 1099-Misc Form was not issued to the former Executive Director for the year 2011. The former Executive Director received \$20,000 for her services as dictated by an Agreement between the former Executive Director and the LaPorte County Public Library.

As part of the Agreement, dated December 28, 2010, between the former Executive Director and LaPorte County Public Library, a 1099-MISC Form was to be issued for the compensation received.

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)

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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$561 and \$959 were paid to vendors for the year 2010 and 2011, respectively.

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.

LAPORTE COUNTY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

TRANSACTION RECORDING

In 2011 the Library received two unrestricted memorial gifts totaling \$610,217. On December 16, 2010, the Board of Trustees approved to transfer the assets included in these memorials to the Unity Foundation. The gifts received by the Library went directly to the Unity Foundation and were never accounted for in the Library records.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

LAPORTE COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 5, 2012, with Fonda Owens, Director; and Michael F. Essling, President of the Board. The Official Response has been made a part of this report and may be found on page 24.

September 12, 2012

OFFICIAL RESPONSE

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204-2765

Dear State Board of Accounts,

Please consider this an official response to the audit conducted for the years of 2009 and 2010 of the La Porte County Public Library. There were three comments issued to the library in regard to the audit. The only comment we wish to respond to is the following:

“TRANSACTION RECORDING

In 2011 the Library received two unrestricted memorial gifts totaling \$610,217. On December 16, 2010 the Board of Trustees approved to transfer the assets included in these memorials to the Unity Foundation. The gifts received by the Library went directly to the Unity Foundation and were never accounted for in the Library records.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)”

The handling the gifts was done in consultation with the library’s legal counsel and in consultation of staff members of the State of Accounts and the Department of Local Government Finance. The Library Board of Trustees in a public meeting approved the actions to be taken in regard to the gifts.

The code we used for guidance was IC 36-12-3-11 (a)(5)(B)(ii)
(5) Money or securities accepted and received by the library board as a grant, a gift, a donation, an endowment, a bequest, or a trust may be:

(B) set aside in an account with a nonprofit corporation established for the sole purpose of building permanent endowments within a community (referred to as a "community foundation"). The earnings on the funds in the account, either:

- (i) deposited by the library; or
- (ii) accepted by the community foundation on behalf of the library; may be distributed back to the library for expenditure, without appropriation, in accordance with the conditions and purposes specified by the donor. A community foundation that distributes earnings under this clause is not required to make more than one (1) distribution of earnings in a calendar year.”

The library has had funds with the Unity Foundation for more than 15 years. The funds were directly accepted by the Unity Foundation (the community foundation established in La Porte County) on behalf of the library as is permissible in the code.

It is the library’s stance that we acted in good faith and in accordance with Indiana Code.

Respectfully,

Fonda Owens
Director
La Porte County Public Library