

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

WANATAH PUBLIC LIBRARY

LAPORTE COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
04/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Patricia Baum	01-01-10 to 12-31-11
	Lorraine Hagan	01-01-12 to 06-30-12
	Stephen Mockler	07-01-12 to 07-30-12
	Donald Parker	08-01-12 to 12-31-13
Treasurer	Dee Edgcomb	01-01-10 to 12-31-10
	Joanna Clindaniel	01-01-11 to 12-31-11
	Stephen Mockler	01-01-12 to 12-31-13
President of the Board	Eugene Shurte	01-01-10 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Wanatah Public Library (Library), for the period of January 1, 2010 to December 31, 2012. 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. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Library for the period of January 1, 2010 to December 31, 2012.

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 period of January 1, 2010 to December 31, 2012, 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.

Bruce Hartman
State Examiner

February 26, 2013

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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.

WANATAH 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
Library Operating Fund	\$ 3,070	\$ 114,728	\$ 91,720	\$ 26,078
Library Gift Fund	100	-	100	-
Riverboat Fund - Win Tax	-	2,500	-	2,500
Totals	<u>\$ 3,170</u>	<u>\$ 117,228</u>	<u>\$ 91,820</u>	<u>\$ 28,578</u>

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

WANATAH 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
Library Operating Fund	\$ 26,078	\$ 57,401	\$ 61,509	\$ 21,970
Riverboat Fund - Win Tax	<u>2,500</u>	<u>5,000</u>	<u>5,000</u>	<u>2,500</u>
Totals	<u>\$ 28,578</u>	<u>\$ 62,401</u>	<u>\$ 66,509</u>	<u>\$ 24,470</u>

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

WANATAH PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Library Operating Fund	\$ 21,970	\$ 90,554	\$ 55,249	\$ 57,275
Gift Fund	-	1,345	921	424
Riverboat Fund - Win Tax	<u>2,500</u>	<u>5,000</u>	<u>1,762</u>	<u>5,738</u>
Totals	<u>\$ 24,470</u>	<u>\$ 96,899</u>	<u>\$ 57,932</u>	<u>\$ 63,437</u>

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

WANATAH 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 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, 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: copies of public records, copy machine charges, ordinance violations, fines and fees.

WANATAH 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 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.

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.

WANATAH 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 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.

WANATAH PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Subsequent Events

Property Tax Assessment

LaPorte County has been unable to establish approved assessment amounts for county-wide properties for the past several years. This has caused delays in the billing and collection of property taxes. The billing of property taxes over the past several years has been on a "provisional" type basis. Once approved assessment amounts are established then "reconciling" type bills are distributed and a final settlement of taxes to governmental units is made. The due date for the 2010 Pay 2011 reconciling property tax bills was February 14, 2013. The County is expecting to settle these taxes to governmental units in March 2013.

These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for units of government within LaPorte 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Library's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Library's Annual Report information for years 2011 and later 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.

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

	Library Operating Fund	Library Gift Fund	Riverboat Fund - Win Tax	Totals
Cash and investments - beginning	\$ 3,070	\$ 100	\$ -	\$ 3,170
Receipts:				
Taxes	80,750	-	-	80,750
Intergovernmental	15,967	-	2,500	18,467
Fines and forfeits	1,332	-	-	1,332
Other receipts	16,679	-	-	16,679
Total receipts	<u>114,728</u>	<u>-</u>	<u>2,500</u>	<u>117,228</u>
Disbursements:				
Personal services	36,733	-	-	36,733
Supplies	3,216	100	-	3,316
Other services and charges	10,532	-	-	10,532
Capital outlay	4,633	-	-	4,633
Other disbursements	36,606	-	-	36,606
Total disbursements	<u>91,720</u>	<u>100</u>	<u>-</u>	<u>91,820</u>
Excess (deficiency) of receipts over disbursements	<u>23,008</u>	<u>(100)</u>	<u>2,500</u>	<u>25,408</u>
Cash and investments - ending	<u>\$ 26,078</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 28,578</u>

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

	Library Operating Fund	Riverboat Fund - Win Tax	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash and investments - beginning	\$ 26,078	\$ 2,500	\$ 28,578
Receipts:			
Taxes	38,640	-	38,640
Intergovernmental	12,431	5,000	17,431
Charges for services	1,228	-	1,228
Other receipts	<u>5,102</u>	<u>-</u>	<u>5,102</u>
Total receipts	<u>57,401</u>	<u>5,000</u>	<u>62,401</u>
Disbursements:			
Personal services	38,940	-	38,940
Supplies	4,244	-	4,244
Other services and charges	11,285	-	11,285
Capital outlay	7,040	-	7,040
Other disbursements	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total disbursements	<u>61,509</u>	<u>5,000</u>	<u>66,509</u>
Deficiency of receipts over disbursements	<u>(4,108)</u>	<u>-</u>	<u>(4,108)</u>
Cash and investments - ending	<u>\$ 21,970</u>	<u>\$ 2,500</u>	<u>\$ 24,470</u>

WANATAH PUBLIC LIBRARY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	Library Operating Fund	Gift Fund	Riverboat Fund - Win Tax	Totals
Cash and investments - beginning	\$ 21,970	\$ -	\$ 2,500	\$ 24,470
Receipts:				
Taxes	72,488	-	-	72,488
Intergovernmental	15,349	-	5,000	20,349
Charges for services	479	-	-	479
Fines and forfeits	280	-	-	280
Other receipts	1,958	1,345	-	3,303
Total receipts	<u>90,554</u>	<u>1,345</u>	<u>5,000</u>	<u>96,899</u>
Disbursements:				
Personal services	33,951	-	-	33,951
Supplies	2,261	125	-	2,386
Other services and charges	11,007	-	1,762	12,769
Capital outlay	7,930	796	-	8,726
Other disbursements	100	-	-	100
Total disbursements	<u>55,249</u>	<u>921</u>	<u>1,762</u>	<u>57,932</u>
Excess of receipts over disbursements	<u>35,305</u>	<u>424</u>	<u>3,238</u>	<u>38,967</u>
Cash and investments - ending	<u>\$ 57,275</u>	<u>\$ 424</u>	<u>\$ 5,738</u>	<u>\$ 63,437</u>

WANATAH PUBLIC LIBRARY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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 Balance</u>
Governmental activities:	
Machinery, equipment and vehicles	\$ 30,061
Books and other	<u>222,511</u>
 Total capital assets	 <u><u>\$ 252,572</u></u>

WANATAH PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ACCOUNTABLE ITEMS

W-2's for 2011 and 2012 were not presented for examination. Additionally, some of the time records and receipts issued during 2011 were not available for examination.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

DEPOSITS

On August 12, 2011, the LaPorte County Auditor issued a check to the Wanatah Public Library for a CAGIT tax distribution in the amount of \$313.58. The check was not recorded on the ledger or deposited until February 15, 2012.

Indiana Code 5-13-6-1 (c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. . . . Public funds deposited under this subsection shall be deposited in the same form in which they were received."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The 941 withholdings for the last quarter of 2010 and all of 2011 were posted to the ledger, but not paid until March, 2012.

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)

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)

WANATAH PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

The federal and FICA withholdings for the last quarter in 2010 and all of 2011 were not paid until March 2012. As a result, penalties and interest totaling \$1,545.58 were paid to the Internal Revenue Service.

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)

BANK ACCOUNT RECONCILIATIONS

During 2011, depository reconciliations of the fund balances to the bank account balances were either incorrect or not performed in a timely manner. The majority of the 2011 reconcilements were not performed until 2012. Other examination work was performed to verify the 2011 bank reconcilements.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

WANATAH PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2013, with Eugene Shurte, President of the Board; Stephen Mockler, Treasurer; and Donald Parker, Director. The officials concurred with our findings.