

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

**FINANCIAL STATEMENT EXAMINATION REPORT
OF**

**WALKERTON-LINCOLN
TOWNSHIP PUBLIC LIBRARY
ST. JOSEPH COUNTY, INDIANA**

January 1, 2010 to March 31, 2013



FILED
07/22/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Connie Jo Swanson Scott Klingerman (Interim) (Position Currently Vacant)	01-01-10 to 02-17-10 02-18-10 to 05-02-13
Treasurer	Lee A. Morton (Position Currently Vacant)	01-01-10 to 07-20-10
President of the Board	Karyn Hesters	01-01-10 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WALKERTON-LINCOLN TOWNSHIP
PUBLIC LIBRARY, ST. JOSEPH COUNTY, INDIANA

We were engaged to examine the financial statement of the Walkerton-Lincoln Township Public Library (Library), for the period of January 1, 2010 to March 31, 2013. The financial statement is the responsibility of the Library's management.

The Library did not properly maintain accounting records. The records presented were incomplete and not reflective of the Library's Funds. In lieu of financial statements, the Library is presenting only the accompanying Schedule of Depository Balance as of March 31, 2013. The Library's records do not permit the application of other auditing procedures to ascertain if the financial information presented is fairly stated.

Since the Library did not properly maintain accounting records and we were not able to apply other procedures to satisfy ourselves as to whether the financial information is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on this financial information.

Bruce Hartman
State Examiner

June 6, 2013

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FINANCIAL INFORMATION

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
SCHEDULE OF DEPOSITORY BALANCE
As of March 31, 2013

<u>Fund</u>	<u>Cash and Investments 03-31-13</u>
Library Operating Fund	<u>\$ 1,110</u>

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior Report B38107, were again present during our period of examination:

1. Fund financial records presented for the examination (general ledger from June 1, 2011 to November 1, 2011) were incomplete and not reflective of the activity of the Library for 2010 through 2012. The only other records presented for examination were the Board Minutes. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

2. Record balances were not reconciled to depository balances during the examination period.

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

3. Receipts were not issued for monies received.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

4. Accounts Payable vouchers and supporting documentation were not presented for review of monies spent.

IC 36-12-3-16 provides that "each payment of expenses lawfully incurred for library purposes must be supported by a fully itemized invoice or other documentation. The library director must certify to the library board before payment that each claim for payment is true and correct. The certification must be on a form prescribed by the State Board of Accounts." To satisfy the certification requirements, the library director may either sign each accounts payable voucher individually or sign in the area designated on the Accounts Payable Voucher Register, General Form 364. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 3)

ANNUAL REPORT

Annual reports were not presented for the examination and have not been filed since 2007.

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4 (a) states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

LIBRARY TREASURER

The Library Board of Trustees operated without a Treasurer from July 20, 2010 to the current date of the examination report. The Library Director also served as the Board Treasurer from January 1, 2011 to May 2, 2013.

The "library board shall annually elect a treasurer of the public library. The treasurer may be either a member of the library board or an employee of the library. However, the library director may not also be treasurer." (Accounting and Uniform Compliance Manual for Public Libraries 1-2)

PAYROLL DEDUCTIONS

Form W-2's, Form 941's, and other payroll withholding records were not presented for examination. As a result, the appropriateness and timeliness of payments to the Internal Revenue Service and the Indiana Department of Revenue, for any amounts withheld, could not be verified.

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)

CLAIMS

A review of several accounts payable registers signed by the Board indicated that not all claims were listed on the register and thus not all claims were approved by the Board.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a Claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

DISBURSEMENTS WITHOUT APPROPRIATIONS

Disbursements were made from the Library's General Fund during the examination period without appropriations. A formal budget and appropriations were not found to have been approved by the Department of Local Government Finance for 2010, 2011, 2012, and 2013.

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."

COMPENSATION AND BENEFITS

In 2010, Scott Klingerman, Interim Director, received \$35,307.91 in unauthorized payments. The Interim Director paid himself a weekly salary in the amount of \$1,200 from March 10, 2010 until June 26, 2010. Other payments were made in amounts ranging from \$1,500 to \$3,443.56 at various pay cycles, i.e., bi-weekly, daily or monthly. No record of hours worked was presented for review.

Reportedly, upon taking the position of Interim Director, Scott Klingerman had indicated to the Board that compensation was not necessary. As a result, the Board took no action to establish an amount of compensation for Mr. Klingerman. In retrospect, the Board acknowledges that Mr. Klingerman was deserving of some compensation for his efforts in 2010. Since the Board did establish compensation of \$20,000 for the position in 2011, the 2010 compensation is considered to have been established in the same amount.

In 2011, it was noted in the Board Minutes that Mr. Klingerman's gross salary was approved for \$20,000. The total salary paid to Mr. Klingerman in 2011 was \$19,659.20. No record of hours worked was presented for review.

In 2012, the Board did not approve an increase in salary or indicate that a different a salary was to be paid, other than the \$20,000 gross salary approved in 2011. In 2012, salary payments to Mr. Klingerman totaled \$20,955.66, which is over the allowed amount. No record of hours worked was presented for review.

We requested Scott Klingerman, Interim Director, reimburse the Walkerton-Lincoln Township Public Library, \$15,922.77. (\$15,307.91, the amount of salaries that exceeded the 2010 allowed amount of \$20,000, less \$340.80 for the amount underpaid in 2011, plus \$955.66, for the amount overpaid in 2012.) (See Summary of Charges, page 25)

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution 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 4)

UNDOCUMENTED ATM WITHDRAWALS

During a review of the bank statements for our examination period, we noted a significant number of ATM transactions. No supporting documentation such as receipts, and/or invoices was provided to substantiate that these transactions were for Library related expenses. These withdrawals were made from several ATM locations in South Bend, Walkerton, Plymouth, and Mishawaka which are all located in Indiana. Other ATM transactions were made in various other cities located in different States such as Michigan, Pennsylvania, and Tennessee. The ATM withdrawals totaled \$23,081.25.

Date	Amount	Location
06-29-10	\$ 100.00	2060 E. Ireland Rd South Bend, IN
06-29-10	100.00	2060 E. Ireland Rd South Bend, IN
06-30-10	100.00	2060 E. Ireland Rd South Bend, IN
06-30-10	100.00	2060 E. Ireland Rd South Bend, IN
07-01-10	100.00	411 Illinois St Walkerton, IN
07-01-10	100.00	411 Illinois St Walkerton, IN
07-01-10	101.75	120 Indian Ridge Rd Mishawaka, IN
07-02-10	100.00	6909 Grape Rd Mishawaka, IN
07-02-10	200.00	405 E McKinley Rd Mishawaka, IN
07-06-10	100.00	225 N Main South Bend, IN
07-06-10	100.00	2060 E. Ireland Rd South Bend, IN
07-06-10	103.00	Niles, M I 088111 Niles, MI
07-07-10	160.00	225 N Main South Bend, IN
07-07-10	100.00	225 N Main South Bend, IN
07-08-10	100.00	2060 E. Ireland Rd South Bend, IN
07-09-10	100.00	315 N Michigan Plymouth,IN
07-09-10	120.00	315 N Michigan Plymouth,IN
07-12-10	200.00	2060 E. Ireland Rd South Bend, IN
07-12-10	200.00	411 Illinois St, Walkerton, IN
07-12-10	100.00	315 N Michigan Plymouth,IN
07-12-10	100.00	411 Illinois St, Walkerton, IN
07-13-10	80.00	225 N Main South Bend, IN
07-14-10	80.00	225 N Main South Bend, IN
07-15-10	80.00	225 N Main South Bend, IN
07-19-10	200.00	225 N Main South Bend, IN
07-19-10	80.00	4105 LINCOLNWAY West South Bend, IN
07-19-10	80.00	2060 E. Ireland Rd South Bend, IN
07-20-10	80.00	225 N Main South Bend, IN

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Amount	Location	
07-20-10	100.00	1502 Linconway, SB	South Bend, IN
07-20-10	80.00	411 Illinois St	Walkerton, IN
07-21-10	20.00	225 N Main	South Bend, IN
07-21-10	100.00	225 N Main	South Bend, IN
07-22-10	120.00	926 Erskine Rd	South Bend, IN
07-22-10	100.00	101Linconway East	Mishawaka, IN
07-26-10	100.00	405 E McKinley Rd	Mishawaka, IN
07-26-10	200.00	225 N Main	South Bend, IN
07-26-10	100.00	100 N Michigan	South Bend, IN
07-27-10	40.00	2060 E. Ireland Rd	South Bend, IN
07-28-10	100.00	101 Lincolnway East	Mishawaka, IN
07-28-10	40.00	225 N Main	South Bend, IN
07-28-10	80.00	225 N Main	South Bend, IN
07-28-10	100.00	South Bend, AVE	South Bend, IN
07-26-10	80.00	225 N Main	South Bend, IN
07-29-10	40.00	1471 Pilgrim Lane	Plymouth, IN
07-30-10	100.00	315 N Michigan	Plymouth, IN
08-02-10	200.00	225 N Main	South Bend, IN
08-02-10	100.00	1700 Mishawaka Ave	Mishawaka, IN
08-04-10	203.00	1 E Ohio St, Indpls, IN	Indpls, IN
08-05-10	100.00	225 N Main	South Bend, IN
08-06-10	100.00	South Bend Ave	South Bend, IN
08-09-10	60.00	100 N Michigan	South Bend, IN
08-09-10	200.00	2323 S Michigan	South Bend, IN
08-09-10	103.00	1W Buffalo St	New Buffalo, MI
08-11-10	100.00	225 Main	South Bend, IN
08-13-10	103.00	1945 Lincolnway E	South Bend, IN
08-16-10	100.00	225 N Main	South Bend, IN
08-16-10	100.00	3655 Portage Avenue	South Bend, IN
08-16-10	200.00	6909 Grape Rd	Mishawaka, IN
08-18-10	100.00	100 N Michigan	South Bend, IN
08-18-10	100.00	225 N Main	South Bend, IN
08-18-10	100.00	225 N Main	South Bend, IN
08-18-10	100.00	1471 Pilgrim LN	Plymouth, IN
08-19-10	151.50	700 West Ireland	South Bend, IN
08-20-10	40.00	225 N Main	South Bend, IN
08-23-10	100.00	4009 Red Arrow Hwy	St Josehph, MI
08-23-10	100.00	225 N Main	South Bend, IN
08-23-10	103.00	215 Butler St	Saugatuck, MI
08-23-10	82.00	ATM W/D Martins, 1302 Elwood	South Bend, IN
08-23-10	103.00	1 Buffalo St	New Buffalo, MI

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Amount	Location	
08-24-10	100.00	2060 E Ireland	South Bend, IN
08-24-10	100.00	100 N Michigan	South Bend, IN
08-26-10	100.00	1471 Pilgrim LN	Plymouth, IN
08-26-10	200.00	411 Illinois, St	Walkerton, IN
08-30-10	80.00	225 N Main	South Bend, IN
08-30-10	151.50	700 West Ireland	South Bend, IN
09-01-10	40.00	225 N Main	South Bend, IN
09-02-10	100.00	225 N Main	South Bend, IN
09-03-10	100.00	225 N Main	South Bend, IN
09-03-10	103.00	110 N Lafayette	South Bend, IN
09-07-10	100.00	225 N Main	South Bend, IN
09-07-10	103.00	5600 Walnut	Pittsburgh, PA
09-07-10	202.75	559 Grant St	Pittsburgh, PA
09-08-10	60.00	100 N Michigan	South Bend, IN
09-09-10	160.00	100 N Michigan	South Bend, IN
09-13-10	200.00	225 N Main	South Bend, IN
09-13-10	200.00	2060 E Ireland	South Bend, IN
09-14-10	101.50	700 W Ireland	South Bend, IN
09-21-10	100.00	100 N Michigan	South Bend, IN
09-23-10	40.00	411 Illinois Street	Walkerton, IN
09-29-10	100.00	1471 Pilgrim LN	Plymouth, IN
10-04-10	100.00	225 N Main	South Bend, IN
10-07-10	200.00	100 N Michigan	South Bend, IN
10-07-10	100.00	2060 E Ireland	South Bend, IN
10-07-10	80.00	411 Illinois St	Walkerton, IN
10-08-10	20.00	225 N Main	South Bend, IN
10-12-10	120.00	225 N Main	South Bend, IN
10-12-10	200.00	100 N Michigan	South Bend, IN
10-12-10	60.00	100 N Michigan	South Bend, IN
10-13-10	80.00	225 N Main	South Bend, IN
10-15-10	100.00	411 Illinois St	Walkerton, IN
10-18-10	100.00	225 N Main	South Bend, IN
10-18-10	200.00	405 E McKinley	Mishawaka, IN
10-19-10	100.00	411 Illinois St	Walkerton, IN
10-20-10	100.00	411 Illinois St	Walkerton, IN
10-22-10	200.00	225 N Main	South Bend, IN
10-22-10	40.00	720 S 11th St	Niles, MI
10-25-10	180.00	225 N Main	South Bend, IN
10-25-10	200.00	225 N Main	South Bend, IN
10-26-10	100.00	2323 S Michigan	South Bend, IN
10-28-10	200.00	2060 E Ireland	South Bend, IN
10-29-10	100.00	225 N Main	South Bend, IN
10-29-10	160.00	225 N Main	South Bend, IN
Total ATM - 2010	\$ 12,595.00		

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Amount	Location
06-24-11	\$ 20.00	110 S Main St South Bend, IN
06-26-11	20.00	110 S Main St South Bend, IN
06-28-11	100.00	110 S Main St South Bend, IN
07-03-11	100.00	110 S Main St South Bend, IN
07-20-11	100.00	70250 St Rd 23 Walkerton, IN
07-22-11	60.00	110 S Main St South Bend, IN
07-27-11	60.00	110 S Main St South Bend, IN
07-31-11	100.00	110 S Main St South Bend, IN
08-19-11	100.00	110 S Main St South Bend, IN
08-20-11	100.00	1930 Ireland Rd South Bend, IN
08-21-11	100.00	110 S Main St South Bend, IN
08-23-11	100.00	70250 St Rd 23 Walkerton, IN
08-25-11	100.00	70250 St Rd 23 Walkerton, IN
08-27-11	100.00	110 S Main St South Bend, IN
08-28-11	100.00	110 S Main St South Bend, IN
08-31-11	100.00	70250 St Rd 23 Walkerton, IN
09-05-11	100.00	110 S Main St South Bend, IN
09-07-11	100.00	70250 St Rd 23 Walkerton, IN
09-24-11	100.00	70250 St Rd 23 Walkerton, IN
10-02-11	100.00	110 S Main St South Bend, IN
10-03-11	100.00	110 S Main St South Bend, IN
10-07-11	100.00	110 S Main St South Bend, IN
10-09-11	100.00	110 S Main St South Bend, IN
10-13-11	100.00	110 S Main St South Bend, IN
10-15-11	100.00	110 S Main St South Bend, IN
10-17-11	100.00	110 S Main St South Bend, IN
10-18-11	100.00	110 S Main St South Bend, IN
10-19-11	100.00	110 S Main St South Bend, IN
10-21-11	100.00	110 S Main St South Bend, IN
10-28-11	100.00	70250 St Rd 23 Walkerton, IN
10-29-11	100.00	110 S Main St South Bend, IN
11-02-11	40.00	110 S Main St South Bend, IN
11-03-11	100.00	70250 St Rd 23 Walkerton, IN
11-06-11	60.00	110 S Main St South Bend, IN
11-12-11	100.00	110S Main South Bend, IN
11-13-11	100.00	110 S Main St South Bend, IN
11-16-11	100.00	110 S Main St South Bend, IN
11-18-11	60.00	70250 St Rd 23 Walkerton, IN
11-19-11	40.00	110 S Main St South Bend, IN
11-25-11	20.00	110 S Main St South Bend, IN
12-22-11	60.00	110 S Main St South Bend, IN
12-23-11	100.00	110 S Main St South Bend, IN
Total ATM - 2011	\$ 3,640.00	

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Amount	Location
01-01-12	\$ 100.00	110 S Main St South Bend, IN
01-04-12	100.00	70250 St Rd 23 Walkerton, IN
01-05-12	100.00	110 S Main St South Bend, IN
02-03-12	100.00	110 S Main St South Bend, IN
02-19-12	100.00	110 S Main St South Bend, IN
02-21-12	100.00	110 S Main St South Bend, IN
06-18-12	100.00	110 S Main St South Bend, IN
06-19-12	40.00	110 S Main St South Bend, IN
06-21-12	100.00	110 S Main St South Bend, IN
06-30-12	100.00	110 S Main St South Bend, IN
07-01-12	40.00	110 S Main St South Bend, IN
07-04-12	100.00	110 S Main St South Bend, IN
07-08-12	60.00	110 S Main St South Bend, IN
07-19-12	60.00	70250 St Rd 23 Walkerton, IN
07-22-12	100.00	110 S Main St South Bend, IN
07-23-12	100.00	110 S Main St South Bend, IN
07-28-12	100.00	110 S Main St South Bend, IN
08-02-12	100.00	110 S Main St South Bend, IN
08-05-12	100.00	110 S Main St South Bend, IN
08-11-12	100.00	110 S Main St South Bend, IN
08-22-12	100.00	110 S Main St South Bend, IN
08-23-12	100.00	110 S Main St South Bend, IN
08-24-12	100.00	110 S Main St South Bend, IN
08-26-12	100.00	110 S Main St South Bend, IN
08-27-12	100.00	110 S Main St South Bend, IN
08-28-12	100.00	70250 St Rd 23 Walkerton, IN
08-28-12	100.00	110 S Main St South Bend, IN
09-02-12	100.00	110 S Main St South Bend, IN
09-05-12	100.00	110 S Main St South Bend, IN
09-14-12	100.00	110 S Main St South Bend, IN
09-15-12	100.00	110 S Main St South Bend, IN
09-16-12	100.00	110 S Main St South Bend, IN
09-17-12	100.00	110 S Main St South Bend, IN
09-21-12	100.00	110 S Main St South Bend, IN
09-27-12	103.00	411 Illinois st Walkerton, IN
09-28-12	100.00	70250 St Rd 23 Walkerton, IN
09-29-12	100.00	110 S Main St South Bend, IN
10-01-12	100.00	110 S Main St South Bend, IN
10-03-12	100.00	110 S Main St South Bend, IN
10-07-12	100.00	110 S Main St South Bend, IN
10-09-12	100.00	70250 St Rd 23 Walkerton, IN
10-13-12	100.00	110 S Main St South Bend, IN
10-27-12	100.00	3915 Portage South Bend, IN

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Amount	Location	
11-13-12	40.00	70250 St Rd 23	Walkerton, IN
11-24-12	20.00	110 S Main St	South Bend, IN
12-22-12	100.00	110 S Main St	South Bend, IN
12-28-12	103.25	501 W Church St	Knoxville, TN
12-30-12	100.00	110 S Main St	South Bend, IN
12-31-12	<u>100.00</u>	110 S Main St	South Bend, IN
Total ATM - 2012	\$ <u>4,566.25</u>		
01-02-13	\$ 100.00	70250 St Rd 23	Walkerton, IN
01-07-13	100.00	110 S Main St	South Bend, IN
01-20-13	100.00	110 S Main St	South Bend, IN
02-09-13	100.00	110 S Main St	South Bend, IN
02-12-13	100.00	70250 St Rd 23	Walkerton, IN
02-13-13	100.00	110 S Main St	South Bend, IN
02-16-13	60.00	110 S Main St	South Bend, IN
02-18-13	60.00	110 S Main St	South Bend, IN
02-21-13	100.00	70250 St Rd 23	Walkerton, IN
02-28-13	100.00	110 S Main St	South Bend, IN
03-02-13	100.00	110 S Main St	South Bend, IN
03-03-13	100.00	110 S Main St	South Bend, IN
03-05-13	100.00	110 S Main St	South Bend, IN
03-07-13	60.00	70250 St Rd 23	Walkerton, IN
03-15-13	100.00	70250 St Rd 23	Walkerton, IN
03-16-13	100.00	110 S Main St	South Bend, IN
03-17-13	100.00	110 S Main St	South Bend, IN
03-20-13	100.00	70250 St Rd 23	Walkerton, IN
03-23-13	100.00	110 S Main St	South Bend, IN
03-24-13	100.00	110 S Main St	South Bend, IN
03-26-13	100.00	70250 St Rd 23	Walkerton, IN
03-28-13	100.00	110S Main	South Bend, IN
03-29-13	100.00	110 S Main St	South Bend, IN
03-30-13	<u>100.00</u>	110 S Main St	South Bend, IN
Total ATM - 2013	\$ <u>2,280.00</u>		
Total ATM - 2010	12,595.00		
Total ATM - 2011	3,640.00		
Total ATM - 2012	4,566.25		
Total ATM - 2013	<u>2,280.00</u>		
Total ATM	<u><u>\$ 23,081.25</u></u>		

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We requested that Scott Klingerman, Interim Director, reimburse the Walkerton-Lincoln Township Public Library, \$23,081.25, the total amount of the withdrawals made during the examination period. (See Summary of Charges, page 25)

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)

UNDOCUMENTED WITHDRAWALS

Several checks were written to "Cash" or "Scott Klingerman." Some amounts were otherwise directly withdrawn from the checking account. These amounts were usually in increments of \$50 and some checks noted "petty-cash" in the memo area. These withdrawals were not supported by receipts, invoices, or any other supporting documentation. The total amount withdrawn was \$3,065.

Date	Check Number	Description	Amount
02-24-10	7844	Cash	\$ 100.00
	7846	Cash	100.00
	7866	Cash	100.00
03-08-10	7849	Cash	100.00
03-12-10	7856	Cash	100.00
03-16-10	7853	Cash	150.00
03-17-10	7857	Cash	100.00
03-18-10	7854	Cash	100.00
07-15-10	7897	Cash	100.00
12-10-10	courtesy check	Cash	100.00
12-15-10	2006	Cash	100.00
12-29-10	courtesy check	Cash	200.00

Undocumented Withdrawals - 2010	1,350.00
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02-04-11	2222	Scott Klingerman	50.00
02-07-11	2223	Scott Klingerman	150.00
02-10-11	2046	Scott Klingerman	100.00
03-12-11	2054	Scott Klingerman	150.00
03-14-11	2056	Scott Klingerman	100.00
03-17-11	2058	Scott Klingerman	100.00
03-22-11	2068	Scott Klingerman	50.00
04-20-11	courtesy check	Cash	100.00

Undocumented Withdrawals - 2011	800.00
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WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Check Number	Description	Amount
03-09-12	courtesy check	Cash	100.00
03-10-12	courtesy check	Cash	150.00
03-13-12	1092	Cash	150.00
03-24-12	1093	Scott Klingerman	100.00
03-30-12	1108	Cash	40.00
05-02-12	1097	Cash	100.00
05-22-12	1110	Cash	100.00
06-01-12	1115	Scott Klingerman	175.00
Undocumented Withdrawals - 2012			915.00
Total Undocumented Withdrawals			<u>\$ 3,065.00</u>

We requested that Scott Klingerman, Interim Director, reimburse Walkerton-Lincoln Township Public Library the amount of \$3,065. (See Summary of Charges, page 25)

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)

DISBURSEMENTS WITHOUT PROPER DOCUMENTATION

The Director did not provide sufficient documentation to support various disbursements made by the Walkerton-Lincoln Township library. Per the names of the vendors, it appears that the items purchased are personal in nature and are not related to the business of the Library. (For example Main St. Pub, The Tilted Kilt, Red Lobster, Bar Louie, Gates Toyota, Hilton Hills, TN, and Expedia Sales)

The total amount of these unsubstantiated payments is \$14,846.25.

Check Date	Check Number	Payee	Amount
01-12-10	7818	Staples	\$ 186.56
09-03-10	7971	Staples	419.00
06-30-10	7909	Kabelins	235.35
	7903	Kabelins	74.85
07-27-10	7925	Lowes	113.18
07-06-10	7910	Walmart	139.30
08-24-10	7941	Walmart	161.40
08-27-10	7959	Walmart	292.73

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Check Date	Check Number	Payee	Amount
09-03-10	7957	Walmart	128.18
10-22-10	8008	Walmart	639.69
11-02-10	8009	Walmart	60.15
11-09-10	8030	Walmart	<u>84.07</u>
Disbursements Without Proper Documentation - 2010			<u>2,534.46</u>
01-26-11	2043	Walmart	56.77
02-03-11	2024	Walmart	49.66
07-22-11		Fast Lane Save, Walkerton IN	50.02
07-22-11		Indiana CPA Society	150.00
07-22-11		Walsams, Mishawaka	327.63
07-27-11		Pilgrim Lane	106.99
07-30-11		Fast Lane Save, Walkerton IN	45.92
08-09-11		Kabelins	84.51
08-10-11		Walmart, Ireland	20.97
08-12-11		KB Petroleum	54.10
08-18-11		Fast Lane Save, Walkerton IN	53.59
08-20-11		Target	74.89
08-23-11		Fast Lane Save, Walkerton IN	56.00
08-24-11		subway	9.50
08-24-11		Dollar General	10.45
08-25-11		Dollar General	16.59
08-26-11		Wal-Sams South Bend	32.22
08-30-11		Fast Lane Save, Walkerton IN	57.00
08-30-11		Wal-Sams, Plymouth	137.31
09-06-11		Wal-Sams, Plymouth	42.74
09-08-11		Fast Lane Save, Walkerton IN	63.50
09-13-11		Staples	289.00
09-21-11		Wal-Sams, South Bend	65.90
09-24-11		KB Petroleum	49.69
09-27-11		Kabelins	84.51
10-04-11		Dollar General	7.44
10-14-11		Fast Lane Save, Walkerton IN	57.42
10-14-11		Subway	7.76
10-19-11		Subway	7.76
10-21-11		Fast Lane Save, Walkerton IN	47.46
10-23-11		Indiana Memorial Univ	170.24
10-24-11		Indiana Memorial Univ	181.44
10-24-11		Michaels Uptown-Terre Haute	62.24
10-26-11		Fast Lane Save, Walkerton IN	58.21

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Check Date	Check Number	Payee	Amount
10-26-11		Subway	15.52
10-27-11		Dollar General	16.17
10-27-11		CitiBank	300.00
10-28-11		Wal-Sams, South Bend	69.82
10-30-11		Wal-Sams, South Bend	20.27
11-01-11		3600 N Portage, South Bend	45.52
11-02-11		Dollar General	22.63
11-04-11		Fast Lane Save, Walkerton IN	54.00
11-16-11		Speedway South Bend	20.07
11-20-11		Main St Pub South Bend	36.82
12-22-11		Discount Tire South Bend	123.27
12-23-11		Wal-Sams, South Bend	34.33
12-24-11		7-eleven	10.00
12-24-11		Bar-Louie	48.80
12-24-11		6501 N Grape Rd	27.44
12-24-11		Wal-Sams, South Bend	51.12
12-26-11		3600 N Portage, South Bend	7.48
Disbursements Without Proper Documentation - 2011			3,492.69
01-02-12		Wal-Sams, South Bend	21.29
01-11-12		Fast Lane Save	55.50
01-16-12		Fast Lane Save	55.76
01-18-12		Wal-Sams, South Bend	67.66
01-25-12		Wal-Sams, South Bend	14.82
01-27-12		Gates Toyota	72.82
01-30-12		Speedway	52.00
01-30-12		Staples, Ireland South Bend	92.53
02-06-12		Fast Lane Save	59.12
02-07-12		University Subscrip	166.81
02-08-12		Wal-Sams, South Bend	52.24
02-08-12		LTD Financial	2,109.63
02-14-12		Fast Lane Save	54.00
02-18-12		Consolidated Plast	170.49
02-20-12		Wal-Sams, South Bend	41.77
02-23-12		Wal-Sams, Plymouth	88.75
02-24-12		IUSB Bursar	423.29
02-25-12		Charles	45.24
02-25-12		IUSB Registrar	13.00
02-26-12		Wal-Sams, Niles Michigan	29.94
02-28-12		Tilted Kilt, Granger	84.84

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Check Date	Check Number	Payee	Amount
02-28-12		Tilted Kilt, Granger	84.84
03-03-12		NP: Fred L Lake - 214-6885253	58.50
06-18-12		Walmart, Ireland South Bend	28.86
06-19-12		Hacienda, Mishawaka IN	31.23
06-22-12		Fast Lane Save	53.50
06-25-12		Get-Away-Salon	30.41
06-29-12		Wal-Sams, South Bend	50.50
07-13-12		Progressive Direct Auto Ins	195.00
07-25-12		Fast Lane Save	53.08
08-12-12		Wal-Sams, South Bend	23.22
08-13-12		Wal-Sams Plymouth, IN	179.73
08-13-12		Wal-Sams, South Bend	42.49
08-13-12		China Town - Parking Chicago IL	6.00
08-17-12		Hacienda, South Bend	91.70
08-17-12		Wal-Sams, South Bend	27.56
08-18-12		3665 Portage, South Bend (Murphy-gas station)	59.20
08-26-12		Lowes, Niles Michigan 2055 South 11th st	28.62
08-28-12		Subway	12.84
08-28-12		Fast Lane Save	57.00
09-01-12		BB FLW PRES TRUST	54.50
09-05-12		Lowes, Plymouth IN	44.03
09-07-12		Fast Lane Save	63.75
09-15-12		Fast Lane Save	60.00
09-17-12		Wal-Sams, South Bend	133.26
09-20-12		Fast Lane Save	59.33
09-21-12		Wal-Sams, South Bend	25.95
09-23-12		Best Western Hotel, Chicago, IL	229.49
09-23-12		Best Western Hotel, Chicago, IL	37.64
09-25-12		Wal-Sams South Bend	40.17
09-28-12		Fast Lane Save	41.26
09-30-12		MH Health and Lifesystles (Health Club)	116.60
10-04-12		Fast Lane Save	56.31
10-10-12		Wal-Sams South Bend	70.33
11-01-12		Levy Garnishment fee	20.00
10-11-12		Fast Lane Save	55.65
10-13-12		Wal-Sams South Bend	80.03
10-16-12		MH Health and Lifesystles (Health Club)	106.00
10-20-12		Wal-Sams South Bend	54.71
10-23-12		Fast Lane Save	58.93
10-25-12		Staples	93.49
10-29-12		Wal-Mart 700 W Ireland South Bend	64.34
10-30-12		Wal-Mart 700 W Ireland South Bend	27.72

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Check Date	Check Number	Payee	Amount
11-15-12		MH Health and Lifesystles (Health Club)	106.00
12-15-12		Martin-926 Erskine	53.23
12-15-12		Speedway, 1110 E Ireland, South Bend	50.15
12-16-12		Big Lots 2320 Miracle Ln, Mishawaka	95.77
12-17-12		Reb Lobster, Mishawaka	84.72
12-17-12		MH Health and Lifesystles (Health Club)	106.00
12-20-12		Wal-Sams, Plymouth	26.03
12-23-12		Speedway 1706 S Bend Ave, South Bend	50.34
12-24-12		Martin-926 Erskine	27.98
12-25-12		Fast Lane Save	21.50
12-25-12		Expedia Sales	299.19
12-26-12		Biltmore Estates, Ashville NC	138.00
12-28-12		Hilton Hotels, Knoxville, TN	139.41
12-28-12		Latitude 35, Knoxville, TN	62.16
12-29-12		Weigel Convenience Store Knoxville, TN	33.35
12-30-12		Love S Country, Dandridge, TN	30.70
12-30-12		Ditto S Grill, Louisville, KY	69.40
12-30-12		Gondolier Pizza	47.43
12-31-12		Argos Bell Mart	52.63
12-31-12		Latitude 35, Knoxville, TN	57.17
12-31-12		Hilton Hotels, Knoxville, TN	95.66
Disbursements Without Proper Documentation - 2012			<u>8,041.25</u>
01-15-13		MH Health & Lifestyles (Health Club)	106.00
01-21-13		D' Agostinos, Bridgman MI	34.07
02-15-13		MH Health & Lifestyles (Health Club)	106.00
02-15-13		Charlie's	57.15
03-02-13		Le Peep Restaurant	24.87
03-02-13		BP Gas	56.89
03-07-13		Melrose Retaurant, Chicago, IL	24.95
03-07-13		Corner Cup Café	23.54
03-15-13		Speedway-Ireland	57.09
03-15-13		MH Health & Lifestyles (Health Club)	106.00
03-18-13		Walmart	93.03
03-23-13		Meijer-gas Portage Ave	56.01
		Martins-Elwood Ave	<u>32.25</u>
Disbursements Without Proper Documentation - 2013			<u>777.85</u>
Total Disbursements Without Proper Documentation			<u><u>\$ 14,846.25</u></u>

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We requested that Scott Klingerman, Interim Director, reimburse Walkerton-Lincoln Township Public library \$14,846.25. (See Summary of Charges, page 25)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

During the examination period, the Library paid penalties and interest, and fees totaling \$32,801.44. The amount paid to the Internal Revenue Service was \$22,249.90 and the amount paid to the Indiana Department of Revenue (IDOR) was \$9,990.93. The total paid to IDOR includes a State distribution in the amount of \$2,320 which was due to the Library but intercepted by a levy imposed by the Indiana Department of Revenue.

During the course of the examination we noted several bank fees were charged to the account. These fees included charges for nonsufficient funds, ATM fees, and other fees associated with accounts being closed by the depository. The fees totaled \$560.61.

We requested that Scott Klingerman, Interim Director, reimburse the Walkerton-Lincoln Township Public Library the total amount of penalties and interest paid in the amount of \$32,801.44. (See Summary of Charges, page 25)

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)

EXAMINATION COST

We noted the following concerning the records: supporting documentation was either inadequate or nonexistent to support some of the debit charges and claims paid through the Library's funds and the ledgers presented were incomplete and not reflective of the activity of the Library funds for the period examined. Additional time was required to determine the amount of debit charges and claims not supported by documentation and other information necessary for the report. Additional costs totaled \$6,238.68. We requested that Scott Klingerman, Interim Director, reimburse the examination costs incurred in the amount of \$6,238.68. (See Summary of Charges, page 25)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

No official bond has been purchased by the Library. The Library did not provide any evidence that insurance has been purchased to cover employee theft.

The Treasurer shall give a surety bond for the faithful performance of duty and for the accurate accounting of all money coming into the treasurer's custody. The bond must be:

1. written by an insurance company licensed to do business in Indiana;
2. for the term of office of the treasurer; (The term of office is one year)
3. in an amount determined by the library board; (It is recommended that the minimum amount of a Treasurer's bond be at least \$15,000)
4. paid for with the money from the library fund;
5. payable to the State of Indiana;
6. approved by the library board; and
7. deposited in the office of the recorder of the county in which the library district is located.
[IC 36-12-2-22]

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

LOAN

On December 31 2010, the Library borrowed \$30,000 via tax anticipation warrants. The Library defaulted on the payment in 2011. Consequently, the bank renewed the agreement and two payments in the amount of \$6,500 were made in 2011. No other payments were made as of the end of the examination period. As of December 31, 2012, the outstanding balance was \$13,507.41.

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2013, with Karyn Hester, President of the Board; Tracie Patrick, Secretary of the Board; and Annette Haining, Board member. The officials concurred with our findings.

Scott Klingerman, Interim Director, was contacted by certified mail. No response was received.

WALKERTON-LINCOLN TOWNSHIP PUBLIC LIBRARY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Scott Klingerman, Interim Director:			
Compensation and Benefits, page 9 and 10	\$ 15,922.77	\$ -	\$ 15,922.77
Undocumented ATM Withdrawals, page 10 through 16	23,081.25	-	23,081.25
Undocumented Withdrawals, page 16 and 17	3,065.00	-	3,065.00
Disbursements Without Proper			
Documentation, page 17 through 22	14,846.25	-	14,846.25
Penalties, Interest, and Other Charges, page 22	32,801.44	-	32,801.44
Examination Cost, page 22	<u>6,238.68</u>	<u>-</u>	<u>6,238.68</u>
Totals	<u><u>\$ 95,955.39</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 95,955.39</u></u>


This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

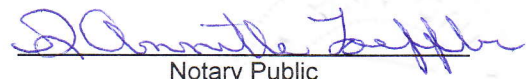
STATE OF INDIANA)
)
LaPorte COUNTY)

I, Lisa Jackson, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Walkerton-Lincoln Township Public Library, St. Joseph County, Indiana, for the period from January 1, 2010 to March 31, 2013, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 2nd day of July, 2013.



Notary Public
G. Annette Loeffler

My Commission Expires: 08-03-15

County of Residence: LaPorte