

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

**Paul D. Joyce, CPA  
State Examiner**

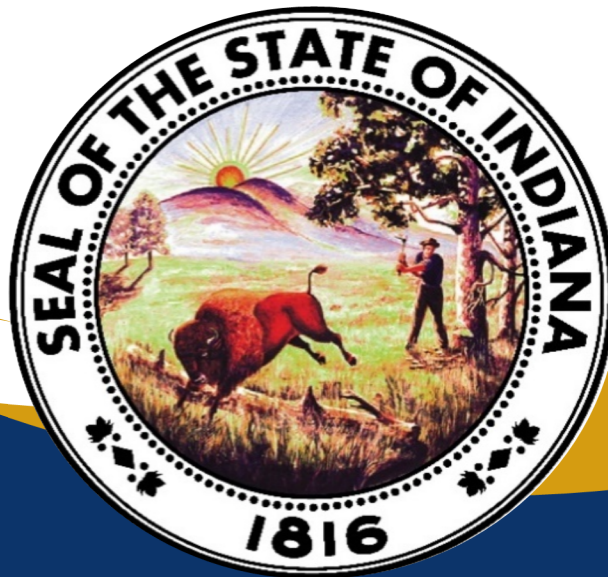
COMPLIANCE ENGAGEMENT REPORT

OF

WESTCHESTER PUBLIC LIBRARY

PORTER COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
12/20/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Lisa Stamm	01-01-19 to 12-09-22
	Heather Chaddock	12-10-22 to 12-31-24
Treasurer	Drew Rhed	01-01-19 to 04-11-19
	Michele Corazzo	04-12-19 to 03-12-20
	Drew Rhed	03-13-20 to 03-11-21
	Rondi Wightman	03-12-21 to 03-09-23
	Abbe Trent	03-10-23 to 12-31-24
President of the Library Board	Michael Livovich	01-01-19 to 04-11-19
	Rondi Wightman	04-12-19 to 03-12-20
	Nick Tilden	03-13-20 to 03-11-21
	Michele Corazzo	03-12-21 to 03-10-22
	Kathryn Cochran	03-11-22 to 03-09-23
	Will Sharp	03-10-23 to 03-14-24
	Rondi Wightman	03-15-24 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE WESTCHESTER PUBLIC LIBRARY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Westchester Public Library (Library), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Library as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Library's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Heather Chaddock, Director; Abbe Trent, Treasurer; and Rondi Wightman, President of the Library Board, on December 9, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

December 3, 2024

WESTCHESTER PUBLIC LIBRARY  
COMMENT

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B53851, entitled *BANK ACCOUNT RECONCILIATIONS*.

*Condition and Context*

Internal controls were not in place to ensure that reconciliations of the record balances to the depository balances and investment balances were completed at least monthly to ensure the accuracy and completeness of financial transactions, including the investment activity. Reconciliations were completed by a consultant and were only performed for the Library's operating accounts. A combined reconciliation of all depository and investment accounts was not performed; therefore, reconciliations were not performed for the Library's two investment accounts. Due to incomplete reconciliations, the following occurred:

- The depository balance exceeded the record balance by \$218,014, \$185,602, and \$100,795 as of December 31, 2019, 2020, and 2021, respectively.
- The record balance exceeded the depository balance by \$91,563 as of December 31, 2022.
- At December 31, 2023, the record balance exceeded the depository balance by \$1,666,868. In 2023, the Library changed the way investments were recorded in the ledger. Due to this change, a \$2,228,413 transfer receipt was recorded in the Rainy Day fund without a corresponding disbursement in another fund. This resulted in an understatement of disbursements and an overstatement of ending cash and investment balance in the ledger by \$2,228,413 each. In addition, \$278,690 of the bank reconciliation variance was a receipt understatement due to unposted investment activity and the remaining \$282,855 variance could not be identified.
- At December 31, 2023, the Rainy Day fund presented on the financial statement reported an ending balance of \$1,765,651 and the ledger reported an ending balance of \$994,064, which is a variance of \$771,587. This variance was a result of the ledger balance omitting investments.

WESTCHESTER PUBLIC LIBRARY  
COMMENT  
(Continued)

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS



WESTCHESTER PUBLIC LIBRARY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General Operating	\$ 2,445,381	\$ 3,243,803	\$ 2,579,106	\$ 3,110,078	\$ 3,228,433	\$ 2,845,906	\$ 3,492,605
Rainy Day	2,419,633	265,810	-	2,685,443	378,825	-	3,064,268
Levy Excess Fund	343	-	-	343	-	-	343
L.I.R.F.	5,933,255	61,163	37,932	5,956,486	211,103	-	6,167,589
State Grant Fund Frankenstein	40	-	40	-	-	-	-
Payroll Withholding	-	238,522	238,522	-	278,571	278,571	-
State Grant	-	9,150	9,150	-	11,520	11,520	-
Leslie Pratt Trust	188,771	-	18,000	170,771	-	19,500	151,271
Gift	52,950	23,099	21,628	54,421	3,302	4,173	53,550
Totals	<u>\$ 11,040,373</u>	<u>\$ 3,841,547</u>	<u>\$ 2,904,378</u>	<u>\$ 11,977,542</u>	<u>\$ 4,111,754</u>	<u>\$ 3,159,670</u>	<u>\$ 12,929,626</u>

WESTCHESTER PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General Operating	\$ 3,492,605	\$ 3,552,186	\$ 2,765,921	\$ 4,278,870	\$ 3,765,433	\$ 2,879,859	\$ 5,164,444
Rainy Day	3,064,268	179,062	42,488	3,200,842	255,846	311,180	3,145,508
State Technology Fund Grant	-	-	-	-	10,051	10,051	-
Levy Excess Fund	343	-	343	-	-	-	-
L.I.R.F.	6,167,589	79,539	-	6,247,128	72,577	-	6,319,705
Health Insurance	-	-	-	-	11,359	10,181	1,178
Nationwide	-	-	-	-	63,967	63,967	-
Federal Tax	-	-	-	-	82,446	82,446	-
FICA	-	-	-	-	96,056	96,056	-
State Tax	-	-	-	3,837	45,342	43,781	5,398
Garnishment	-	-	-	-	115	115	-
Payroll Withholding	-	300,941	297,104	-	-	-	-
Leslie Pratt Trust	151,271	-	20,000	131,271	-	9,163	122,108
Westchester Twp. Museum	-	-	-	15,801	3,838	2,459	17,180
State Grant	-	9,400	9,400	-	-	-	-
Unrestricted Gift	53,550	12,214	7,032	42,931	13,445	7,846	48,530
Totals	<u>\$ 12,929,626</u>	<u>\$ 4,133,342</u>	<u>\$ 3,142,288</u>	<u>\$ 13,920,680</u>	<u>\$ 4,420,475</u>	<u>\$ 3,517,104</u>	<u>\$ 14,824,051</u>

WESTCHESTER PUBLIC LIBRARY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General Operating	\$ 5,164,444	\$ 3,882,586	\$ 3,327,080	\$ 5,719,950
Rainy Day	3,145,508	295,239	1,675,097	1,765,650
State Technology Fund Grant	-	9,837	8,533	1,304
L.I.R.F.	6,319,705	14,852	-	6,334,557
Medicare Tax	-	19,434	19,434	-
Health Insurance	1,178	16,207	14,976	2,409
Nationwide	-	45,782	45,782	-
Federal Tax	-	77,499	77,499	-
FICA	-	83,100	83,100	-
State Tax	5,398	50,045	51,265	4,178
Garnishment	-	389	334	55
Leslie Pratt Trust	122,108	-	3	122,105
Westchester Twp. Museum	17,180	4,034	11,565	9,649
Unrestricted Gift	48,530	204,552	16,850	236,232
Totals	<u>\$ 14,824,051</u>	<u>\$ 4,703,556</u>	<u>\$ 5,331,518</u>	<u>\$ 14,196,089</u>