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

EXAMINATION REPORT

OF

WESTCHESTER PUBLIC LIBRARY

PORTER COUNTY, INDIANA

January 1, 2008 to December 31, 2009

FILED
05/18/2010

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OFFICIALS

Office	Official	Term
Director	Phillip Baugher	01-01-08 to 12-31-10
Treasurer	Vernon Odom, Jr.	04-01-07 to 03-31-09
	Claire Jolie	04-01-09 to 03-31-11
President of the Board	Karen Nash	04-01-07 to 03-31-08
	J. Erik Hokanson	04-01-08 to 03-31-09
	Vernon Odom, Jr.	04-01-09 to 03-31-10
	John Corso	04-01-10 to 03-31-11

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WESTCHESTER PUBLIC LIBRARY, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the Westchester Public Library (Library), for the period of January 1, 2008 to December 31, 2009. The Library's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Library for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 31, 2010

WESTCHESTER PUBLIC LIBRARY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	$ (552,263)	$ 3,217,945	$ 3,015,342	$ (349,660)
Gift	196,502	333,582	335,979	194,105
Rainy Day	318,325	1,196,852	913,362	601,815
State Technology Fund Grant	4,900	8,400	4,900	8,400
Library Improvement Reserve	3,466,188	6,316,375	5,966,188	3,816,375
Library Capital Projects	11,929	257,974	257,809	12,094
Fiduciary Funds:				
Leslie Pratt Nonexpendable Trust	318,552	-	5,194	313,358
Payroll Withholdings	-	210,201	210,201	-
Totals	$ 3,764,133	$ 11,541,329	$ 10,708,975	$ 4,596,487

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	$ (349,660)	$ 4,527,912	$ 3,051,762	$ 1,126,490
Gift	194,105	156,522	162,746	187,881
Rainy Day	601,815	607,038	601,815	607,038
State Technology Fund Grant	8,400	12,000	8,400	12,000
Levy Excess	-	26,263	-	26,263
Library Improvement Reserve	3,816,375	4,019,904	4,000,000	3,836,279
Library Capital Projects	12,094	259,076	158,105	113,065
Fiduciary Funds:				
Leslie Pratt Nonexpendable Trust	313,358	7,148	8,306	312,200
Payroll Withholdings	-	192,147	192,147	-
PLAC	-	30	30	-
Totals	$ 4,596,487	$ 9,808,040	$ 8,183,311	$ 6,221,216

The accompanying notes are an integral part of the financial information.

WESTCHESTER PUBLIC LIBRARY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Library was established under the laws of the State of Indiana. The Library provides the following services: culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Library uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Library in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 6. Nonexpendable Trust Deposits and Investments

The nonexpendable trust is not subject to the same investment laws as the Library. A trustee has been appointed to invest and distribute earnings on the trust corpus (principal) to designated recipients. The Library has a one-third interest in the corpus (principal) of the trust. The Library's share of the corpus is reported at cost. The Library's share of the market value of the trust principal as of December 31, 2008 and 2009, is $258,176, and $292,906, respectively.

Note 7. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Library contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

OVERDRAWN CASH BALANCES

The cash balance of the General Fund was overdrawn as of December 31, 2008, by $349,660.

The overdrawn cash balance is due to the delay in billing and distribution of property taxes.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

OLD OUTSTANDING CHECKS (WARRANTS)

The bank reconcilements as of December 31, 2008 and 2009, included checks outstanding in excess of two years. Some of the checks included are from 2004.

IC 5-11-10.5-2 states in part:

> "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

> "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

TRANSACTION RECORDING

Interest earned on a savings account was not posted to the records for 2008 or 2009; thus, the interest income is not reported in the financial statements.

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)

WESTCHESTER PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Phillip Baugher, Director; Celeste M. Bradford, Administrative Assistant; and Claire Jolie, Treasurer. The officials concurred with our findings.