

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

WEST LAFAYETTE PUBLIC LIBRARY

TIPPECANOE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
03/15/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Nick Schenkel	01-01-10 to 12-31-13
Treasurer	Jeffery Schwab Mark Pugh	07-01-09 to 06-30-12 07-01-12 to 06-30-13
President of the Board	Nancy Dunn	01-01-10 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WEST LAFAYETTE PUBLIC LIBRARY, TIPPECANOE COUNTY, INDIANA

We have examined the accompanying financial statements of the West Lafayette Public Library (Library), for the period of January 1, 2010 to December 31, 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. 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, 2011.

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, 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, Schedule of Payables and Receivables, Schedule of Leases and Debt, 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.

STATE BOARD OF ACCOUNTS

February 14, 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.

WEST LAFAYETTE 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	\$ 41,669	\$ 1,331,554	\$ 1,253,231	\$ 119,992
Petty Cash Fund	75	-	-	75
Gifts And Memorials	26,732	58,308	71,134	13,906
Bill And Melinda Gates Foundation	-	5,850	5,850	-
Rainy Day Fund	57,840	-	-	57,840
Technology Fund	3,354	-	4,413	(1,059)
Akeley Fund	152,123	-	-	152,123
Community Foundation WI PI Fund	-	10,439	-	10,439
Debt Service Fund	328,281	1,101,396	1,161,472	268,205
Construction Fund	(355)	-	-	(355)
Library Capital Projects Fund	53,089	75,241	132,043	(3,713)
Lirf	6,480	-	-	6,480
Plac	122	80	-	202
Totals	<u>\$ 669,410</u>	<u>\$ 2,582,868</u>	<u>\$ 2,628,143</u>	<u>\$ 624,135</u>

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

WEST LAFAYETTE 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	\$ 119,992	\$ 757,923	\$ 929,441	\$ (51,526)
Rainy Day Fund	57,840	-	-	57,840
Technology Fund	(1,059)	1,059	-	-
Library Capital Projects Fund	(3,713)	87,322	87,900	(4,291)
Lirf	6,480	-	-	6,480
Plac	202	50	-	252
Petty Cash Fund	75	-	-	75
Gifts And Memorials	13,906	50,524	16,453	47,977
Bill And Melinda Gates Foundation	-	5,200	4,822	378
Akeley Fund	152,123	-	-	152,123
Community Foundation WI PI Fund	10,439	-	921	9,518
Debt Service Fund	268,205	784,868	960,350	92,723
Construction Fund	(355)	355	-	-
Totals	<u>\$ 624,135</u>	<u>\$ 1,687,301</u>	<u>\$ 1,999,887</u>	<u>\$ 311,549</u>

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

WEST LAFAYETTE 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.

WEST LAFAYETTE 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Library. It includes all expenditures for the reduction of the principal and interest of the Library's general obligation indebtedness.

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

WEST LAFAYETTE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

WEST LAFAYETTE PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 6. Pension Plan

A. 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. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of local tax distributions not being receipted in by December 31, 2010 and 2011. The Library also exceeded budgeted appropriations causing cash fund balances to be in the deficit.

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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.

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

	Operating Fund	Petty Cash Fund	Gifts And Memorials	Bill And Melinda Gates Foundation	Rainy Day Fund	Technology Fund	Akeley Fund
Cash and investments - beginning	\$ 41,669	\$ 75	\$ 26,732	\$ -	\$ 57,840	\$ 3,354	\$ 152,123
Receipts:							
Taxes	599,678	-	-	-	-	-	-
Intergovernmental	463,263	-	-	5,850	-	-	-
Charges for services	4,663	-	-	-	-	-	-
Fines and forfeits	17,899	-	-	-	-	-	-
Other receipts	246,051	-	58,308	-	-	-	-
Total receipts	<u>1,331,554</u>	<u>-</u>	<u>58,308</u>	<u>5,850</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	595,511	-	-	-	-	-	-
Supplies	25,221	-	2,558	-	-	-	-
Other services and charges	275,735	-	-	-	-	4,413	-
Capital outlay	6,958	-	68,576	5,850	-	-	-
Other disbursements	349,806	-	-	-	-	-	-
Total disbursements	<u>1,253,231</u>	<u>-</u>	<u>71,134</u>	<u>5,850</u>	<u>-</u>	<u>4,413</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>78,323</u>	<u>-</u>	<u>(12,826)</u>	<u>-</u>	<u>-</u>	<u>(4,413)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 119,992</u>	<u>\$ 75</u>	<u>\$ 13,906</u>	<u>\$ -</u>	<u>\$ 57,840</u>	<u>\$ (1,059)</u>	<u>\$ 152,123</u>

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

	Community Foundation WI PI Fund	Debt Service Fund	Construction Fund	Library Capital Projects Fund	Lirf	Plac	Totals
Cash and investments - beginning	\$ -	\$ 328,281	\$ (355)	\$ 53,089	\$ 6,480	\$ 122	\$ 669,410
Receipts:							
Taxes	-	996,551	-	72,471	-	-	1,668,700
Intergovernmental	-	44,085	-	2,770	-	-	515,968
Charges for services	-	-	-	-	-	-	4,663
Fines and forfeits	-	-	-	-	-	-	17,899
Other receipts	10,439	60,760	-	-	-	80	375,638
Total receipts	10,439	1,101,396	-	75,241	-	80	2,582,868
Disbursements:							
Personal services	-	-	-	-	-	-	595,511
Supplies	-	-	-	-	-	-	27,779
Other services and charges	-	1,161,472	-	132,043	-	-	1,573,663
Capital outlay	-	-	-	-	-	-	81,384
Other disbursements	-	-	-	-	-	-	349,806
Total disbursements	-	1,161,472	-	132,043	-	-	2,628,143
Excess (deficiency) of receipts over disbursements	10,439	(60,076)	-	(56,802)	-	80	(45,275)
Cash and investments - ending	\$ 10,439	\$ 268,205	\$ (355)	\$ (3,713)	\$ 6,480	\$ 202	\$ 624,135

WEST LAFAYETTE 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	Technology Fund	Library Capital Projects Fund	Lif	Plac	Petty Cash Fund
Cash and investments - beginning	\$ 119,992	\$ 57,840	\$ (1,059)	\$ (3,713)	\$ 6,480	\$ 202	\$ 75
Receipts:							
Taxes	435,188	-	-	82,974	-	-	-
Intergovernmental	268,879	-	-	4,347	-	-	-
Charges for services	2,312	-	-	-	-	50	-
Fines and forfeits	19,496	-	-	-	-	-	-
Other receipts	32,048	-	1,059	1	-	-	-
Total receipts	<u>757,923</u>	<u>-</u>	<u>1,059</u>	<u>87,322</u>	<u>-</u>	<u>50</u>	<u>-</u>
Disbursements:							
Personal services	608,182	-	-	-	-	-	-
Supplies	23,435	-	-	-	-	-	-
Other services and charges	229,436	-	-	87,900	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	66,975	-	-	-	-	-	-
Other disbursements	1,413	-	-	-	-	-	-
Total disbursements	<u>929,441</u>	<u>-</u>	<u>-</u>	<u>87,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(171,518)</u>	<u>-</u>	<u>1,059</u>	<u>(578)</u>	<u>-</u>	<u>50</u>	<u>-</u>
Cash and investments - ending	<u>\$ (51,526)</u>	<u>\$ 57,840</u>	<u>\$ -</u>	<u>\$ (4,291)</u>	<u>\$ 6,480</u>	<u>\$ 252</u>	<u>\$ 75</u>

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

	Gifts And Memorials	Bill And Melinda Gates Foundation	Akeley Fund	Community Foundation WI PI Fund	Debt Service Fund	Construction Fund	Totals
Cash and investments - beginning	\$ 13,906	\$ -	\$ 152,123	\$ 10,439	\$ 268,205	\$ (355)	\$ 624,135
Receipts:							
Taxes	-	-	-	-	726,979	-	1,245,141
Intergovernmental	-	-	-	-	37,862	-	311,088
Charges for services	-	-	-	-	-	-	2,362
Fines and forfeits	-	-	-	-	-	-	19,496
Other receipts	50,524	5,200	-	-	20,027	355	109,214
Total receipts	50,524	5,200	-	-	784,868	355	1,687,301
Disbursements:							
Personal services	-	-	-	-	-	-	608,182
Supplies	2,546	-	-	-	-	-	25,981
Other services and charges	700	-	-	-	6,350	-	324,386
Debt service - principal and interest	-	-	-	-	954,000	-	954,000
Capital outlay	13,207	4,822	-	-	-	-	85,004
Other disbursements	-	-	-	921	-	-	2,334
Total disbursements	16,453	4,822	-	921	960,350	-	1,999,887
Excess (deficiency) of receipts over disbursements	34,071	378	-	(921)	(175,482)	355	(312,586)
Cash and investments - ending	\$ 47,977	\$ 378	\$ 152,123	\$ 9,518	\$ 92,723	\$ -	\$ 311,549

WEST LAFAYETTE PUBLIC LIBRARY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 15,923</u>	<u>\$ -</u>

WEST LAFAYETTE PUBLIC LIBRARY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: IKON	Photocopiers	\$ 352	12-01-11	11-30-16
Total of annual lease payments		<u>\$ 352</u>		

WEST LAFAYETTE 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 33,300
Buildings	11,963,223
Machinery, equipment and vehicles	20,000
Books and other	<u>3,580,370</u>
Total governmental activities	<u>15,596,893</u>
Total capital assets	<u>\$ 15,596,893</u>

WEST LAFAYETTE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

As of December 31, 2010, the cash balance of the Construction Fund was overdrawn \$355, the Technology Fund was overdrawn by \$1,059, and the Capital Projects Fund by \$3,713. As of December 31, 2011, the cash balance of the General Fund was overdrawn by \$51,527 and the Capital Projects Fund was overdrawn by \$4,292. A similar comment was included in the prior two reports.

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)

OFFICIAL BOND

The Library Treasurer's official bonds covering August 29, 2006, to present were not filed in the Office of the County Recorder.

Indiana Code 36-12-2-22(g) requires the Treasurer's bond to be deposited in the office of the County Recorder. Other library employee bonds shall also be filed in the office of the County Recorder. (Accounting and Uniform Compliance Guidelines manual for Libraries, Chapter 1)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2010	\$ 23,414
Debt Service	2010	12,589
General	2011	14,430
Debt Service	2011	6,350

A similar comment was included in the prior report.

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."

100R

The Library did not file a Form 100R during the month of January for 2011. The Form 100R was not filed until June 14, 2011.

WEST LAFAYETTE PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-13-1 states in part:

". . . during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconciliements as of December 31, 2011, revealed numerous outstanding checks that should have been voided. These checks were to vendors such as Duke Energy, Traveler's Insurance, MJV Group, Verizon, and Rainbow Printing. They were written for services that were paid for at a later date with another check. Also, many of these checks were found to be outstanding for a period of more than two years. Bank statements and reconciliements should be routinely reviewed by the Treasurer for irregularities and should be addressed timely. A similar comment appeared in the prior report concerning these same checks. The checks were not voided until late 2012.

Indiana Code 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."

Indiana Code 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."

Indiana Code 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."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

WEST LAFAYETTE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2013, with Nick Schenkel, Director; Mark Pugh, Treasurer; and Linda Eales, Board member. The officials concurred with our findings.