

NEWS from NEW ROCHELLE PUBLIC LIBRARY

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FOR IMMEDIATE RELEASE

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STATEMENT OF NRPL BOARD OF TRUSTEES CONCERNING LIBRARY ACCOUNTING

The New Rochelle Public Library Board of Trustees has recently become aware of lower than expected cash balance for the library due to a series of accounting errors. These accounting errors reflect the need for increased internal controls for the library's accounting process. The lower cash balance is not expected to result in any change in Library services for the public.

At the time of the development of the New Rochelle Public Library budget, the Board of Trustees believed that the Library had over \$500,000 in cash in the bank, mostly from the result of bonding expenditures not spent the previous fiscal year. A portion of this cash was thought to reflect the \$77,500 in fund balance from the previous year's unspent funds.

In June 2011, the Board of Trustees was notified by the School District that our cash flow was low and that we needed to monitor spending until the receipt of the regularly schedule Temporary Anticipation Note (TAN) funding. The Board of Trustees immediately hired a CPA and began researching the nature of these differences.

The due diligence process showed that at the end of our 2010/2011 fiscal year, we were in line with our budgeted expenses and slightly under our projected revenue.

Our research suggests that accounting irregularities leading to the misstatement of our fund balance were likely occurring over a number years resulting in an over-reporting of the existing cash balance in the

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range of \$300,000. The fund balance reflects the difference in financial performance from one year to the next. Every year some of the cash from the fund balance is allocated to the next year's budget thereby reducing the tax burden on the public. The fund balance, bond funding and capital expenditure funding should be segregated for accounting purposes on the Library's books. They were not. The result was confusion regarding how much cash was available for the general fund of the Library.

To address this issue going forward, the New Rochelle Public Library Board of Trustees has taken the following actions:

- 1) Hired an outside CPA firm to help identify and reconcile our accounting records.
- 2) Reorganized internal staff to incorporate the internal controls necessary to prevent such a problem in the future.
- 3) Augmented the Board of Trustees with members with additional professional financial and accounting experience.
- 4) Engaged with the School District Treasurer, to ensure better communication and coordination.
- 5) Approached an outside auditor to examine our books and review our internal control procedures.

The New Rochelle Public Library has received the TAN funding for this fiscal year and does not anticipate additional cash flow issues. In order to ensure that the public is not burdened with any undue increased taxes, the Library is enacting some budget adjustments to reduce expenses in this fiscal year.

For further comment, please contact: NRPL Board of Trustees Chair of the Finance Committee, Mr. Bo Kemp at 917-744-6456 or NRPL Board of Trustees President, Mr. Greg Varian at 914-632-0332.

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