

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

COMPLIANCE REPORT
OF
KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
FULTON COUNTY, INDIANA
January 1, 2010 to December 31, 2011



FILED
04/16/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Linda Hawkey	01-01-10 to 02-08-10
	(Vacant)	02-09-10 to 02-21-10
	Larry Cunningham	02-22-10 to 06-30-10
	Nicholas Hughes	07-01-10 to 04-25-11
	Charles Rude	04-26-11 to 12-31-12
Treasurer	Richard Hoff	01-01-10 to 12-31-12
President of the Board	Beverly Ton	01-01-10 to 12-31-11
	Joshua Martindale	01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE KEWANNA-UNION TOWNSHIP
PUBLIC LIBRARY, FULTON COUNTY, INDIANA

The Kewanna-Union Township Public Library did not present a financial statement for the period January 1, 2010 to December 31, 2011. Because no financial statement was prepared, we were unable to conduct an examination of the financial statement.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

August 16, 2012

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
RESULTS AND COMMENTS

CONDITION OF RECORDS

The Library Financial and Appropriation Record was not posted from May to December of 2010. No detail of receipts or disbursements or ending balances could be determined from the Library Financial and Appropriation Record for 2010 from May to December. In addition, in 2011, ledger balances did not agree with the Annual Financial Report.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconcilements for 2010 were not presented for review. In addition, reconciliation presented for review for December 2011 was incorrect and not reflective of the balances of the Library.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

COMPENSATION AND BENEFITS

A salary ordinance or resolution was not presented for review for the three Directors that were employed during the review period.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

In 2010, penalties and interest totaling \$98 were paid to the Indiana Department of Revenue for late payments in March 2011.

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

In 2011, penalties and interest totaling \$408 were paid to the Internal Revenue Service for late payments made for September 2010 and March 2011. In addition, penalties and interest were paid in 2011 to the Indiana Department of Revenue totaling \$145 for late payments made in December 2010, February 2011, March 2011, and April 2011.

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)

CAPITAL ASSET RECORDS

The Library did not maintain any capital asset records for the review period.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ANNUAL FINANCIAL REPORT

An Annual Financial Report for 2010 was not presented for review. An Annual Financial Report for 2011 was incomplete and not reflective of the transactions of the Library. The 2011 Annual Financial Report only showed beginning balances with no receipts or disbursements and the ending balance was the same as the beginning balance.

Indiana Code 5-11-1-4 states in part:

"(a) 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. . . .

(b) The following shall prepare, verify, and file the reports required under subsection (a) not later than sixty (60) days after the end of each year. . .

(2) A public library."

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

FUND SOURCES AND USES

Debt Service payments of \$58,000 were paid on December 1, 2011, from the General fund instead of the Debt Service fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

PRESCRIBED FORMS

The Library used the Library Financial and Appropriation Ledger Form No. 1 until May of 2010, then no activity was posted in that record for the remaining of 2010. In addition, the Library posted the Library Financial and Appropriation Ledger Form No. 1 from January 1, 2011 to October 31, 2011, and then used a Transaction Detail by Account for which was not prescribed or approved.

The Library did not maintain the Capital Assets Record, Form No. 369, for the review period.

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)

KEWANNA-UNION TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2012, with Charles Rude, Director, and Richard Hoff, Treasurer.