

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SHERIDAN PUBLIC LIBRARY

HAMILTON COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
07/17/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Stephen H. Martin	01-01-11 to 12-31-15
Treasurer	Debbie Hybarger Anita Leonard	01-01-11 to 12-31-13 01-01-14 to 12-31-15
President of the Board	John Vincent Brad Sauter Loretta Sutherland	01-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-15



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE SHERIDAN PUBLIC LIBRARY, HAMILTON COUNTY, INDIANA

This report is supplemental to our examination report of the Sheridan Public Library (Library), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Library. It should be read in conjunction with our Financial Statements Examination Report of the Library, which provides our opinion on the Library's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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 Examination 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

April 16, 2015

SHERIDAN PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS

**OPTICAL IMAGES**

The Library's financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

Indiana Code 5-15-6-3(a) states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Indiana Code 26-2-8-111(a) states:

"If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

**POSTING ERRORS**

License excise tax distributions for June 2013 in the amount of \$8,882 for the Lease Rental fund were receipted to the General Operating fund.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

**APPROPRIATIONS**

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Lease Rental	2014	<u>\$ 2,000</u>

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."

SHERIDAN PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Library paid late fees to an online credit account in the total amount of \$180 during the review period because the library did not remit payments on a timely basis.

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)

***CREDIT ACCOUNT POLICY***

The Library was using an online credit account to purchase items without an approved credit card/ credit account policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

SHERIDAN PUBLIC LIBRARY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)



SHERIDAN PUBLIC LIBRARY  
EXIT CONFERENCE

The contents of this report were discussed on April 16, 2015, with Anita Leonard, Treasurer; Stephen H. Martin, Director; and Kim Riley, Assistant Director.