

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

UNION CITY PUBLIC LIBRARY

RANDOLPH COUNTY, INDIANA

January 1, 2012 to December 31, 2014



FILED
08/20/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Virginia M. Hiatt Joseph Skeen	01-01-12 to 03-31-14 04-01-14 to 12-31-15
Treasurer	Joseph P. Van Camp Danielle Downey	07-01-11 to 06-30-12 07-01-12 to 06-30-15
President of the Board	Paul Brumley Jeannie English	07-01-11 to 06-30-12 07-01-12 to 06-30-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE UNION CITY PUBLIC LIBRARY, RANDOLPH COUNTY, INDIANA

This report is supplemental to our examination report of the Union City Public Library (Library), for the period from January 1, 2012 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/.

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.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

June 18, 2015

UNION CITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS

The Library paid \$2,700 to a vendor in advance of the actual date the services were provided for plaster work.

The Library paid \$4,795 in advance of the actual receipt of a microfilm reader and printer.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

ANNUAL FINANCIAL REPORT

The following errors were noted on the Annual Financial Reports for calendar years 2012, 2013, and 2014:

- The beginning balance of the Harrison Historical Fund was overstated by \$4,000 on January 1, 2012, January 1, 2013, and January 1, 2014.
- The beginning balance of the Library Improvement Reserve fund was understated by \$5,000 on January 1, 2014.
- Receipts of 2012 were understated by \$273.
- Payroll transactions in 2014 were excluded from reporting.

Indiana Code 5-11-1-4(a) states:

"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. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

BANK ACCOUNT RECONCILIATIONS

As stated in prior Report B41383, depository reconciliations of the fund balances to the bank account balances were incorrect.

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."

UNION CITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The financial statements presented for examination included the following funds with overdrawn cash balances as follows:

Fund	Amount Overdrawn	Years
State Technology Grant Fund	\$ 947	2012
State Technology Grant Fund	575	2013
State Technology Grant Fund	2,835	2014

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)

COMPENSATION AND BENEFITS

Approved salary schedules detailing the compensation and benefits to be paid to Library employees were not presented for examination.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and 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)

COLLECTION OF AMOUNTS DUE

In 2012, the Library overpaid the amount due to the Internal Revenue Service (IRS). In 2013, the Library remitted state and local withholdings for July 2013 and October 2013 twice, resulting in an overpayment of \$485.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 9)

PENALTIES, INTEREST, AND OTHER CHARGES

The Library paid penalties, interest, and other charges to the Indiana Department of Revenue and the IRS 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.

UNION CITY PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

OFFICIAL BONDS

The Treasurer was not bonded for the period July 2, 2013 through December 22, 2014. The Treasurer's Surety Bonds were in the amounts of \$8,500 for the period July 1, 2012 to July 1, 2013, and for the period December 23, 2014 to December 23, 2015.

The Treasurer shall give a surety bond for the faithful performance of duty and for the accurate accounting of all money coming into the treasurer's custody. The bond must be:

1. written by an insurance company licensed to do business in Indiana;
2. for the term of office of the treasurer; (The term of office is one year)
3. in an amount determined by the library board; (It is recommended that the minimum amount of a Treasurer's bond be at least \$15,000)
4. paid for with the money from the library fund;
5. payable to the State of Indiana;
6. approved by the library board; and
7. deposited in the office of the recorder of the county in which the library district is located. [IC 36-12-2-22]

(Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

CONTRACTS

Payments totaling \$6,280 and \$5,800 were made for cleaning and maintenance services for the examination period. Contracts were not written for these services.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

UNION CITY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2015, with Joseph Skeen, Director; Jeannie English, President of the Board; and Deborah Williams, Board member.