

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

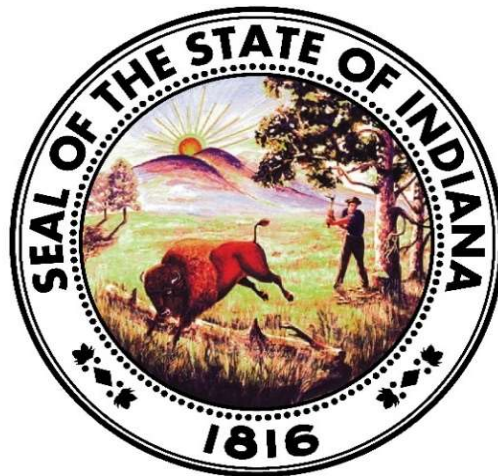
COMPLIANCE ENGAGEMENT REPORT

OF

WINCHESTER COMMUNITY LIBRARY

RANDOLPH COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
08/07/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jana Barnes	01-01-19 to 12-31-24
Treasurer	Tom Herold	01-01-19 to 12-31-24
President of the Library Board	Gary Kiser Susan Symons Joh Waltz Stacy White	01-01-19 to 06-30-19 07-01-19 to 06-30-21 07-01-21 to 06-30-23 07-01-23 to 06-30-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WINCHESTER COMMUNITY
LIBRARY, RANDOLPH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Winchester Community Library (Library), Randolph County, for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Library as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Library's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Jana Barnes, Director; Tim Herold, Treasurer; and Stacy White, President of the Library Board, on July 23, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 2, 2024

WINCHESTER COMMUNITY LIBRARY
COMMENTS

CONDITION OF RECORDS

Condition and Context

The Library did not have proper internal controls in place to ensure compliance with laws and regulations and guidelines related to cash.

Errors between bank reconciliations and records were not found in a timely manner. The Library only reconciled the checking account and did not reconcile the investment accounts, allowing for errors to go unidentified.

The following is a comparison of the reconciled bank balances to the Town's General ledger balances:

	2019	2020	2021	2022
Bank Balance	\$ 950,000	\$ 984,360	\$ 1,082,011	\$ 1,262,962
General Ledger	950,000	984,815	1,083,422	1,256,107
Difference	\$ -	\$ (455)	\$ (1,411)	\$ 6,855

Criteria

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."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

WINCHESTER COMMUNITY LIBRARY
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The Library did not have proper internal controls in place to ensure compliance with laws, regulations, and guidelines related to capital assets.

The Library did not have a capital asset policy in place that detailed the threshold at which an item is considered a reportable capital asset. A physical inventory was not presented for audit. The Library was unable to provide a complete capital asset listing for 2023 to support the amount reported in the Indiana Gateway for Government Units financial reporting system in the amount of \$2,201,846.

Criteria

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

"The state examiner shall require from every audited entity 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](#)."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

WINCHESTER COMMUNITY LIBRARY
COMMENTS
(Continued)

FUND SOURCES AND USES

Condition and Context

The Library did not have proper internal controls in place to ensure compliance with laws, regulations, and guidelines related to recording transactions in the proper funds.

Two payments in the amount of \$450 in 2019 and 2020 and one payment for \$1,000 in 2021 were approved for the purchase of Wal-Mart gift cards for employees. The gift cards were not reported as employee income.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

WINCHESTER COMMUNITY LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General Operating	\$ 608,290	\$ 410,649	\$ 397,206	\$ 621,733	\$ 430,822	\$ 388,255	\$ 664,300
Rainy Day	19,958	8	15,000	4,966	-	4,966	-
State Technology Grant Fund	465	1,083	1,082	466	1,083	1,082	467
Lirf	230,312	9,974	3,173	237,113	10,823	12,980	234,956
Plac Fund	-	195	195	-	65	65	-
Evergreen Pass Through Fund	-	126	126	-	85	85	-
Community Foundation	-	10,003	1,806	8,197	4	279	7,922
Gift Fund	15,624	2,119	1,552	16,191	1,210	1,467	15,934
Audiovisual Fund	8,844	3,458	4,796	7,506	1,685	3,039	6,152
Hinty Estate	20,952	392	-	21,344	455	-	21,799
Anthony Estate	30,000	684	-	30,684	800	-	31,484
Agnes Monks Hunter Fund	-	1,800	-	1,800	1	-	1,801
Payroll	-	67,167	67,167	-	62,965	62,965	-
Totals	<u>\$ 934,445</u>	<u>\$ 507,658</u>	<u>\$ 492,103</u>	<u>\$ 950,000</u>	<u>\$ 509,998</u>	<u>\$ 475,183</u>	<u>\$ 984,815</u>

WINCHESTER PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General Operating	\$ 664,301	\$ 469,752	\$ 408,095	\$ 725,958	\$ 531,553	\$ 354,963	\$ 902,548
State Technology Grant Fund	467	1,827	1,082	1,212	-	1,035	177
Lirf	234,956	7,144	-	242,100	5,286	-	247,386
Kelly Estate	-	30,305	-	30,305	896	-	31,201
Plac Fund	-	130	130	-	130	130	-
Evergreen Pass Through Fund	-	159	159	-	250	250	-
Community Foundation	7,922	6	-	7,928	9	6,656	1,281
Gift Fund	15,934	656	43	16,547	1,361	1,046	16,862
Audiovisual Fund	6,150	1,458	3,786	3,822	690	3,509	1,003
Hinty Estate	21,800	170	-	21,970	42	-	22,012
Anthony Estate	31,484	294	-	31,778	51	-	31,829
Agnes Monks Hunter Fund	1,801	1	-	1,802	6	-	1,808
Payroll	-	70,119	70,119	-	56,527	56,527	-
Totals	<u>\$ 984,815</u>	<u>\$ 582,021</u>	<u>\$ 483,414</u>	<u>\$ 1,083,422</u>	<u>\$ 596,801</u>	<u>\$ 424,116</u>	<u>\$ 1,256,107</u>