

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

COMPLIANCE ENGAGEMENT REPORT

OF

SPENCER COUNTY PUBLIC LIBRARY

SPENCER COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

05/29/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sherri Risse	01-01-19 to 12-31-24
Treasurer	Julie Davis	01-01-19 to 12-31-24
President of the Library Board	David Taylor	01-01-19 to 12-31-19
	Joe Sisley	01-01-20 to 12-31-21
	Susan Arnold	01-01-22 to 12-31-23
	Joe Collins	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SPENCER COUNTY PUBLIC LIBRARY, SPENCER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Spencer County Public Library (Library), for the period of January 1, 2019 to December 31, 2023. 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 Julie Davis, Treasurer, and Sherri Risse, Director, on May 21, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 2, 2024

SPENCER COUNTY PUBLIC LIBRARY
COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Library had not established effective internal controls over the AFR information entered into Gateway. Due to ineffective internal controls, the AFR contained the following errors:

Capital Assets

The capital asset schedules submitted to Gateway for 2019, 2020, 2021, 2022, and 2023 could not be verified to the detailed capital asset listing presented for review. For 2023, the Library reported total capital assets of \$930,184 more than the total detailed capital asset listing.

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 as set forth in the uniform compliance guidelines. 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:

"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. . . ."

SPENCER COUNTY PUBLIC LIBRARY
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure that the Library was in compliance with capital assets requirements. The Library Board passed a capital asset policy on February 8, 2022, increasing the capital asset threshold from \$1,000 to \$5,000. Subsequent to the approval of the policy, the detailed capital asset listing was not updated to remove assets valued below the \$5,000 capitalization threshold. This resulted in 154 assets included in error on the detailed capital asset list, in total \$195,106.

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

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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)

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

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SPENCER COUNTY PUBLIC 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	\$ 1,272,828	\$ 1,419,389	\$ 1,116,201	\$ 1,576,016	\$ 1,460,009	\$ 1,317,417	\$ 1,718,608
Rainy Day Fund	169,158	50,731	-	219,889	125,000	-	344,889
Library Improvement Reserve Fund	108,305	30,000	-	138,305	39,700	-	178,005
Evergreen Pass Thru Fund	66	84	113	37	69	51	55
State Grant Technology Account	-	19,445	19,445	-	24,822	24,822	-
Gift Special Account	58,206	12,721	17,888	53,039	21,221	2,208	72,052
Totals	<u>\$ 1,608,563</u>	<u>\$ 1,532,370</u>	<u>\$ 1,153,647</u>	<u>\$ 1,987,286</u>	<u>\$ 1,670,821</u>	<u>\$ 1,344,498</u>	<u>\$ 2,313,609</u>

SPENCER COUNTY 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	\$ 1,718,608	\$ 1,400,554	\$ 1,134,555	\$ 1,984,607	\$ 1,532,326	\$ 1,212,815	\$ 2,304,118
Rainy Day Fund	344,889	100,000	52,816	392,073	100,000	52,723	439,350
Library Improvement Reserve Fund	178,005	10,000	59,495	128,510	40,000	-	168,510
Evergreen Pass Thru Fund	55	120	77	98	96	133	61
State Grant Technology Account	-	20,254	20,254	-	21,656	21,656	-
Gift Special Account	<u>72,052</u>	<u>54,655</u>	<u>4,001</u>	<u>122,706</u>	<u>9,732</u>	<u>6,013</u>	<u>126,425</u>
Totals	<u>\$ 2,313,609</u>	<u>\$ 1,585,583</u>	<u>\$ 1,271,198</u>	<u>\$ 2,627,994</u>	<u>\$ 1,703,810</u>	<u>\$ 1,293,340</u>	<u>\$ 3,038,464</u>

SPENCER COUNTY PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General Operating	\$ 2,304,118	\$ 1,469,371	\$ 1,306,980	\$ 2,466,509
Rainy Day Fund	439,350	100,000	99,092	440,258
Library Improvement Reserve Fund	168,510	45,000	36,346	177,164
Evergreen Pass Thru Fund	61	82	106	37
State Grant Technology Account	-	21,195	18,701	2,494
Gift Special Account	<u>126,425</u>	<u>28,125</u>	<u>20,349</u>	<u>134,201</u>
Totals	<u>\$ 3,038,464</u>	<u>\$ 1,663,773</u>	<u>\$ 1,481,574</u>	<u>\$ 3,220,663</u>