

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

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

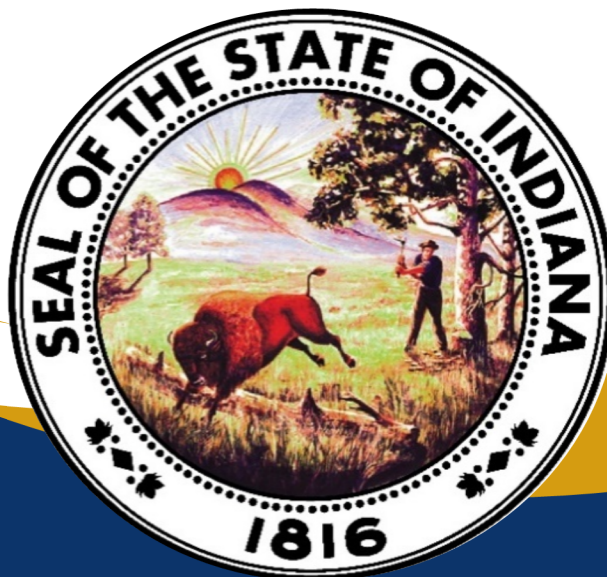
COMPLIANCE ENGAGEMENT REPORT

OF

WOLCOTT COMMUNITY PUBLIC LIBRARY

WHITE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

11/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Deana J. Dreblow Megan Oilar (Vacant) Randi Nagel	01-01-20 to 12-31-22 01-01-23 to 07-09-24 07-10-24 to 07-31-24 08-01-24 to 12-31-24
Treasurer	Jenna L. Demerly	01-01-20 to 12-31-24
President of the Library Board	Stanley J. Cook Matt Hall	01-01-20 to 06-30-21 07-01-21 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE WOLCOTT COMMUNITY PUBLIC LIBRARY, WHITE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Wolcott Community Public Library (Library), for the period of January 1, 2020 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 Jenna L. Demerly, Treasurer; Randi Nagel, Director; and Matt Hall, President of the Library Board, on November 7, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 5, 2024

WOLCOTT COMMUNITY PUBLIC LIBRARY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The Library did not have segregation of duties. The Library did not have an effective system of internal controls in place to ensure compliance with the following items detailed in the comments below:

- Annual Financial Report
- Capital Assets
- Monthly Uploads

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:

"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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Library had not established effective internal controls to ensure accuracy reporting over the AFR. This resulted in an overstatement of receipts and disbursements in 2022 by \$76,724 each for an Additional Appropriation fund that was erroneously created.

Adjustments were proposed, approved by the Library, and made to the AFR and the Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis that appears in this report following the comments.

Additionally, as of December 31, 2023, the Library reported \$583,428 of capital assets in its AFR. The Library provided capital asset records; however, the records did not materially agree to the amount reported in the AFRs for all four years reviewed.

WOLCOTT COMMUNITY PUBLIC LIBRARY
COMMENTS
(Continued)

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](#)."

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure compliance over capital assets. The Library provided a detailed listing of capital assets owned; however, it was not updated regularly and did not agree to the amounts reported in the Annual Financial Report. In addition, the Library did not complete an inventory at least every two years as required. Documentation to show when the most recent inventory was completed was not provided.

Criteria

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 detailed 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)

MONTHLY UPLOADS

Condition and Context

Internal controls were not in place to ensure the required monthly uploads to the Indiana Gateway for Government Units financial reporting system were complete.

Monthly upload requirements include bank reconcilements, bank statements (effective for the required upload beginning with the December 2020 information), outstanding check listings (effective for the required upload beginning with the December 2020 information), approved Library Board minutes, and funds ledgers (effective for the required upload beginning with the December 2020 information).

The Library did not upload the monthly bank reconcilements, bank statements, and outstanding check listings for two out of the three bank accounts.

WOLCOTT COMMUNITY PUBLIC LIBRARY
COMMENTS
(Continued)

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)



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

WOLCOTT COMMUNITY PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Evergreen Indiana Fund	\$ 7	\$ 25	\$ 17	\$ 15	\$ 102	\$ 84	\$ 33
Community Foundation Grant of White County	-	10,000	10,000	-	-	-	-
Bequests for New Addition	-	-	-	-	36,114	-	36,114
General Operating Fund	104,325	155,592	144,530	115,387	159,877	147,084	128,180
Gifts & Bequests Checking	10,526	2,397	1,092	11,831	1,650	10,808	2,673
Rainy Day Fund	45,202	-	-	45,202	-	-	45,202
LIRF Savings and LIRF CD	67,964	43,075	-	111,039	12,142	65,696	57,485
Broadband Grant Fund	-	5,491	5,033	458	4,481	4,938	1
Totals	<u>\$ 228,024</u>	<u>\$ 216,580</u>	<u>\$ 160,672</u>	<u>\$ 283,932</u>	<u>\$ 214,366</u>	<u>\$ 228,610</u>	<u>\$ 269,688</u>

WOLCOTT COMMUNITY PUBLIC LIBRARY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Evergreen Indiana Fund	\$ 33	\$ 10	\$ 43	\$ -	\$ 30	\$ -	\$ 30
Bequests for New Addition	36,114	11,837	47,951	-	-	-	-
CFWC Reimbursement Grant	-	5,734	6,048	(314)	1,000	686	-
General Operating Fund	128,180	176,067	204,552	99,695	196,776	164,923	131,548
Gifts & Bequests Checking	2,673	11,893	7,171	7,395	9,887	3,906	13,376
Rainy Day Fund	45,202	-	40,000	5,202	-	-	5,202
LIRF Savings and LIRF CD	57,485	5,017	36,724	25,778	23,026	-	48,804
Broadband Grant Fund	1	4,791	4,791	1	4,689	4,623	67
	<u>\$ 269,688</u>	<u>\$ 215,349</u>	<u>\$ 347,280</u>	<u>\$ 137,757</u>	<u>\$ 235,408</u>	<u>\$ 174,138</u>	<u>\$ 199,027</u>
Totals							