

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

COMPLIANCE ENGAGEMENT REPORT

OF

MONTEZUMA PUBLIC LIBRARY

PARKE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

07/09/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jayanne Rumble	01-01-20 to 12-31-24
Treasurer	R. Paul Johnson	01-01-20 to 12-31-24
President of the Library Board	John Morris Paul Ballantyne Kim Crowder	01-01-20 to 12-31-21 01-01-22 to 12-31-23 01-01-24 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MONTEZUMA PUBLIC LIBRARY, PARKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Montezuma 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 Jayanne Rumble, Director, and R. Paul Johnson, Treasurer, on June 24, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 13, 2024

MONTEZUMA PUBLIC LIBRARY  
COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

Internal controls were not in place to ensure compliance with capital asset requirements. The Library had not adopted a capital asset policy that details the threshold at which an item is considered a capital asset. In addition, the Library reported capital assets on the Annual Financial Report entered annually via the Indiana Gateway for Government Units financial reporting system, but did not properly maintain a complete inventory of capital assets to support amounts reported.

*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 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)

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B55833.

*Condition and Context*

Internal controls were not in place to ensure the reconciliations were performed monthly as required by law. The Library did not perform monthly reconciliations of bank account balances to the financial records fund balance for any month of the engagement period.

*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.

MONTEZUMA PUBLIC LIBRARY  
COMMENTS  
(Continued)

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 - OTHER INFORMATION**

*Condition and Context*

As a result of an internal control deficiency, the Annual Financial Report (AFR) entered annually via the Indiana Gateway for Government Units financial reporting system was not properly reported. The Library reported payables and receivables in the AFR submission that was materially incorrect for each year of the engagement. The Library reported capital assets in the AFR submission that was materially incorrect for 2020.

*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. . . .

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. . . ."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Libraries, Chapter 1)

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

MONTEZUMA 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
General	\$ 79,255	\$ 70,745	\$ 60,036	\$ 89,964	\$ 74,222	\$ 73,591	\$ 90,595
DONATION FUND	3,515	1,852	1,225	4,142	2,226	293	6,075
MEMORIAL DONATIONS	93	-	-	93	-	-	93
Cares Grant	-	-	-	-	3,400	3,400	-
Totals	\$ 82,863	\$ 72,597	\$ 61,261	\$ 94,199	\$ 79,848	\$ 77,284	\$ 96,763

MONTEZUMA 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			Cash and Investments			Cash and Investments
	01-01-22	Receipts	Disbursements	12-31-22	Receipts	Disbursements	12-31-23
General	\$ 90,595	\$ 77,209	\$ 66,177	\$ 101,627	\$ 75,176	\$ 75,000	\$ 101,803
DONATION FUND	6,075	2,327	55	8,347	2,480	524	10,303
MEMORIAL DONATIONS	93	-	-	93	-	61	32
ARPA Grant	-	13,340	13,340	-	-	-	-
Totals	<u>\$ 96,763</u>	<u>\$ 92,876</u>	<u>\$ 79,572</u>	<u>\$ 110,067</u>	<u>\$ 77,656</u>	<u>\$ 75,585</u>	<u>\$ 112,138</u>

Montezuma Public Library  
P.O. Box 70 / 270 Crawford Street  
Montezuma, IN 47862

Official Response

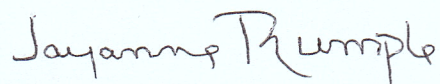
July 3, 2024

Indiana State Board of Accounts  
302 West Washington Street Room E418  
Indianapolis, IN 46204-2765

Re:

I look forward to correcting this issue. The challenges of successfully running a public library as the only employee for the past four years during a pandemic did not provide the best of circumstances. At my initiation, I will cc my library board treasurer all of my communications with the State Board of Accounts.

Respectfully Submitted,



Jayanne Rumpel, MLIS  
Montezuma Public Library Director