

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

ALEXANDRIA-MONROE PUBLIC LIBRARY

MADISON COUNTY, INDIANA

January 1, 2021 to December 31, 2024



FILED

04/29/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sarah Wallace-Moon Brad Sowinski	01-01-21 to 10-10-24 10-11-24 to 12-31-25
Treasurer	Kim Terry	01-01-21 to 12-31-25
President of the Library Board	Gloria LeMaster John Dockrey Missy Giles	01-01-21 to 12-31-22 01-01-23 to 12-31-24 01-01-25 to 12-31-25



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TO: THE OFFICIALS OF THE ALEXANDRIA-MONROE
PUBLIC LIBRARY, MADISON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Alexandria-Monroe Public Library (Library), for the period of January 1, 2021 to December 31, 2024. 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 Brad Sowinski, Director; Sarah Wallace-Moon, former Director and current Bookkeeper; and Missy Giles, President of the Library Board, on April 9, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 7, 2025

ALEXANDRIA-MONROE PUBLIC LIBRARY
COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment appeared in a Management Letter addressed to the Officials of the Library for the engagement period ending December 31, 2020.

Condition and Context

Adequate internal controls were not in place to ensure the Annual Financial Reports (AFR) were submitted accurately. Financial and other information are required to be entered annually into the AFR via the Indiana Gateway for Government Units (Gateway) financial reporting system. The financial information entered into Gateway included the following errors:

Financial Information

The Library did not include financial activity of all payroll withholding funds. For 2022, 2023, and 2024, the Library only included activity and cash balances for payroll withholdings accounts that had ending cash balances at December 31. The following errors were noted:

- In 2022, the receipts, disbursements, and ending cash balance for only the Health Insurance withholding account was reported in the Payroll Withholdings fund on the AFR and no other withholding accounts.
- In 2023, the Library only reported the Health Insurance fund and the activity and cash balance of the Health Insurance withholding account and no other withholding accounts on the AFR.
- In 2024, the receipts, disbursements, and ending cash balances for the Health Insurance and the HSA Employee Contribution withholdings were reported on the AFR as two separate funds, but the activity for no other withholding accounts were reported.

As a result of the above errors, receipts and disbursements of the Library were understated by \$99,293, \$100,096, and \$89,675 for 2022, 2023, and 2024, respectively.

In 2024, there was a transfer from the Lirf fund to the Operating fund in the amount of \$2,561. The Library did not record the disbursement from the Lirf fund of \$2,561 in the AFR, resulting in an understatement of disbursements and an overstatement of ending cash and investment balance for this fund.

Schedule of Capital Assets

The Library reported capital assets in 2024 on the AFR that did not agree with the detailed report provided for the Machinery and Equipment category. The Library did not provide a detailed listing of capital assets for 2021 and 2022 to verify amounts reported in the AFR.

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](#)."

ALEXANDRIA-MONROE PUBLIC LIBRARY
COMMENTS
(Continued)

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. . . ."

SALES TAX PAID ON PURCHASES

Condition and Context

Adequate internal controls were not in place to ensure the Library did not pay sales tax. Two disbursements selected for testing included sales taxes paid on purchases from two vendors totaling \$180.

Criteria

Government funds are exempt from the payment of sales taxes on qualifying purchases. Units should reference Internal Revenue Service and/or Indiana Department of Revenue guidance to determine what are or are not qualifying purchases. DOR information bulletin #34 addresses this: <http://www.in.gov/dor/reference/files/sib34.pdf>.

Units should contact the Indiana Department of Revenue to obtain the exemption certificate. After obtaining the exemption certificate, it must be presented at the time a purchase is made. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division of the DOR.

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee.

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

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

ALEXANDRIA-MONROE PUBLIC LIBRARY
COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Adequate internal controls were not in place to ensure the Library remitted withholdings and associated employer costs to the U.S. Internal Revenue Service timely. The Library paid penalties and interest for late remittances in December 2022, applicable to the second quarter of 2022 (April-June), totaling \$1,455.

Criteria

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 unit. 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

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. . . ."



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

ALEXANDRIA-MONROE 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
Operating	\$ 992,392	\$ 818,924	\$ 741,582	\$ 1,069,734	\$ 880,990	\$ 819,966	\$ 1,130,758
Rainy Day Fund	162,120	93	20,250	141,963	262	-	142,225
Lirf	24,556	5,012	-	29,568	41	-	29,609
Payroll Withholdings	1,061	91,470	91,264	1,267	8,885	4,969	5,183
Evergreen Indiana Clearing Fund Ledger	156	131	176	111	51	51	111
State	24,493	7,200	-	31,693	-	4,231	27,462
Gift	2,401	1,040	609	2,832	2,244	1,291	3,785
Totals	<u>\$ 1,207,179</u>	<u>\$ 923,870</u>	<u>\$ 853,881</u>	<u>\$ 1,277,168</u>	<u>\$ 892,473</u>	<u>\$ 830,508</u>	<u>\$ 1,339,133</u>

ALEXANDRIA-MONROE PUBLIC LIBRARY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
Operating	\$ 1,130,758	\$ 913,670	\$ 822,682	\$ 1,221,746	\$ 981,460	\$ 792,149	\$ 1,411,057
Rainy Day Fund	142,225	8,556	-	150,781	3,122	-	153,903
Lif	29,609	1,291	-	30,900	579	-	31,479
Health Insurance	5,183	6,338	11,521	-	6,730	6,112	618
HSA Employee Contribution	-	-	-	-	6,310	6,100	210
PLAC Card Fund	-	455	390	65	390	325	130
Evergreen Indiana Clearing Fund Ledger	111	-	29	82	-	43	39
State Tech Grant Fund	27,462	4,000	4,520	26,942	12,379	5,095	34,226
Gift	3,785	2,429	3,197	3,017	2,059	188	4,888
Totals	<u>\$ 1,339,133</u>	<u>\$ 936,739</u>	<u>\$ 842,339</u>	<u>\$ 1,433,533</u>	<u>\$ 1,013,029</u>	<u>\$ 810,012</u>	<u>\$ 1,636,550</u>