

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

MONTPELIER-HARRISON TOWNSHIP
PUBLIC LIBRARY
BLACKFORD COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
02/18/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Laura Lee Cathy Leas (Interim)	01-01-11 to 06-10-13 06-11-13 to 12-31-15
Treasurer	Howard Pence Mary Beth Fields	01-01-11 to 02-08-15 02-09-15 to 12-31-15
President of the Board	Denise Neff	01-01-11 to 12-31-15



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TO: THE OFFICIALS OF THE MONTPELIER-HARRISON TOWNSHIP
PUBLIC LIBRARY, BLACKFORD COUNTY, INDIANA

This report is supplemental to our examination report of the Montpelier-Harrison Township Public Library (Library), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Library. It should be read in conjunction with our Financial Statements Examination Report of the Library, which provides our opinion on the Library's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

November 24, 2015

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LIBRARY TREASURER
MONTPELIER-HARRISON TOWNSHIP PUBLIC LIBRARY

LIBRARY TREASURER
MONTPELIER-HARRISON TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The beginning cash balances in the 2011 Annual Financial Report (AFR) of the Cash Change and Memorial and Gift funds were overstated and understated, respectively, in the amount of \$1,000. The AFR for 2014 did not include the Debt Service fund, which had receipts of \$132,500.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

DEPOSITS

County tax distributions, disbursed by the County Auditor on February 3, 2012, and August 7, 2012, were not deposited until March 27, 2012, and September 12, 2012, respectively.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

ERRORS ON CLAIMS

A sample of Accounts Payable Vouchers (claims) tested identified the following deficiencies with an error rate of 10 percent or more:

1. Claims were not properly itemized in 18 percent of the claims sampled. Claims were supported by statements rather than individual invoices. Some claims had nothing attached. Two claims were missing.

LIBRARY TREASURER
MONTPELIER-HARRISON TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. There was no evidence of approval by the governing board for 10 percent of claims sampled because the Accounts Payable Voucher Registers were not always on file. Many of the Accounts Payable Voucher Registers were not signed by the Library Board. Claims were at times paid prior to Board approval.
3. The Library Director did not certify that the invoice or bill was true and correct in 58 percent of the claims sampled.

Indiana Code 36-12-3-16(c) states:

"Each payment of expenses lawfully incurred for library purposes must be supported by a fully itemized invoice or other documentation. The library director shall certify to the library board before payment that each claim for payment is true and correct. The certification must be on a form prescribed by the state board of accounts."

CONSTRUCTION FUND

In 2014, the Library started a construction to make improvements to the Library. This project was funded by the issuance of \$ 150,000 of general obligation bonds. The proceeds from this bond issue were incorrectly receipted to a Debt Service fund instead of a Construction fund. Disbursements for the project paid during 2015 were paid from the Debt Service fund. As of November 24, 2015, no payments have been required to service this debt.

Indiana Code 36-12-3-11(a)(2) states: "All money received from the sale of bonds or other evidences of indebtedness for the purpose of construction, reconstruction, or alteration of library buildings, except the premium and interest accrued on the bonds, shall be deposited into the construction fund."

LIBRARY TREASURER
MONTPELIER-HARRISON TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2015, with Cathy Leas, Interim Director; Denise Neff, President of the Board; and Ruth Anne Black, Bookkeeper.

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MONTPELIER-HARRISON TOWNSHIP PUBLIC LIBRARY

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EXAMINATION RESULT AND COMMENT

LACK OF APPROVED SALARY SCHEDULES

The Library Board did not approve salary schedules for the years 2011, 2012, and 2014. Salaries were approved in the Board minutes on July 2, 2013.

Indiana Code 36-12-2-24(b) states:

"The library board shall employ and discharge librarians and other individuals that are necessary in the administration of the affairs of the library. The board shall:

- (1) fix and pay the compensation;
- (2) classify and adopt schedules of salaries; and
- (3) determine the number and prescribe the duties; of the librarians and other individuals, with the advice and recommendations of the library director."

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