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June 28, 2016

TO: THE OFFICIALS OF THE KNIGHTSTOWN PUBLIC LIBRARY, HENRY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Knightstown Public Library (Library), for the period of January 1, 2013 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Library's financial statements, we did not follow auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any basic financial statement of the Library.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Annual Financial Reports filed by the Library can be found on the Gateway website: <https://gateway.ifionline.org/>.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

### **Current Period Comments**


- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks were not returned.*
- *The records presented indicated the disbursements for the Library Improvement Reserve Fund were \$2,239 in excess of budgeted appropriations for 2014.*
- *Several payments were observed which were not supported by adequate documentation, such as vendor receipts, invoices, contracts, and other public records during 2013, 2014, and 2015. Several payments for contractual services were made with the supporting documentation being a generic receipt provided by the Library for the contractor to sign for the receipt of payment rather than the contractor providing an invoice for payment. Also, mowing services were not supported by a contract for 2013, 2014, and 2015.*

- *Routine expenditures for contractual services were paid using petty cash and thereby bypassing the claims process during 2013, 2014, and 2015. In addition, the Library was not tracking the contractual payments made to each vendor to determine if 1099's were required for 2013, 2014, and 2015.*

This letter is intended for the information and use of the governing body and management of the Library. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on March 21, 2016, with William Bergmann, Treasurer, and Vanda Carnes, Director.

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

  
Paul D. Joyce, CPA  
State Examiner