

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FRANCESVILLE-SALEM TOWNSHIP PUBLIC LIBRARY

PULASKI COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
06/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Helen Vollmer	01-01-12 to 08-31-13
	Jane VanBuskirk	09-01-13 to 02-18-14
	(Vacant)	02-19-14 to 03-03-14
	Rebecca Blackburn (interim)	03-04-14 to 06-30-14
	Sally Sharpe	07-01-14 to 12-31-17
Treasurer	Mary Lew Gutwein	01-01-12 to 02-06-12
	Laurel Myers	02-07-12 to 12-31-17
President of the Board	Betty Doll	01-01-12 to 06-30-13
	Delilah Jordan	07-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE FRANCESVILLE-SALEM TOWNSHIP
PUBLIC LIBRARY, PULASKI COUNTY, INDIANA

This report is supplemental to our examination report of the Francesville-Salem Township Public Library (Library), for the period from January 1, 2012 to December 31, 2016. 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

March 30, 2017

FRANCESVILLE-SALEM TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILEMENTS

Monthly reconcilements of depository balances to the ledger were performed; however, the reconcilements contained numerous errors that went uncorrected throughout the examination period. At December 31, 2015, an adjustment in the amount of \$938 (increase to cash balance) was made to bring the ledger balance in agreement with the depository balance.

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."

PAYROLL ISSUES

We noted the following deficiencies with payroll:

941 Reporting

The Internal Revenue Service (IRS) Employer's Quarterly Federal Tax Return - Form 941 for the year 2013 underreported wages in the amount of \$10,530. The amount for the employee and employer share of Social Security and Medicare were under reported by \$6,460. As of the date of this report, the Library has not been notified of any penalties and interest that may be assessed for the errors in reporting.

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)

Employee W-2's

Amounts reported on IRS Wage and Tax Statement - Form W-2 for 2013 totaled \$85,861. The amount of gross wages paid to employees was \$92,457, resulting in a difference of \$6,596. As of the date of this report, the Library has not been notified of any penalties and interest that may be assessed for the errors in reporting.

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)

Taxes Remitted

We calculated, based on the Library's payroll records and the amount remitted to the IRS for withholding taxes, Social Security, and Medicare, the Library underpaid \$514. As of the date of this report, the Library has not been notified of any penalties or interest that may be assessed for the errors in reporting.

FRANCESVILLE-SALEM TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

Salary Resolution

The Library Board did not adopt a salary resolution in 2015.

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

"The board shall: . . .

(2) classify and adopt schedules of salaries; . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

Employee Service and Earnings Records

Employee service records and employee earnings records were not maintained from 2013 through 2016.

Employee's Earnings Record - General Form No. 99A is for the purpose of recording the compensation paid each employee and, at the same time, to record the various authorized deductions from such pay.

Provision is made for name and address of employee, social security number, rate of pay, gross pay, deductions for withholding tax and other items, and net amount paid. Provision is also made for quarterly totals and grand totals at the close of the calendar year.

All compensation paid to each employee shall be recorded on this form. An account will be carried for each employee regardless of whether or not tax or other deductions are made. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 4)

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record

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

FRANCESVILLE-SALEM TOWNSHIP PUBLIC LIBRARY
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

Receipts were not issued when cash or checks were received. In addition, collections were not deposited timely.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depositories selected by the . . . local boards of finance . . ."

Effective July 1, 2015, Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) . . ."

PRESCRIBED FORMS

The Library did not use the following prescribed forms:

Receipt, General Form No. 352

Employee's Service Record

General Form No. 99A

Employee's Earning Record

General Form No. 99B

Warrant, Library Form No. 2.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

FRANCESVILLE-SALEM TOWNSHIP PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2017, with Laurel Myers, Treasurer, and Sally Sharpe, Director.