

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

COMPLIANCE REPORT
OF
JASONVILLE PUBLIC LIBRARY
GREENE COUNTY, INDIANA
January 31, 2011 to December 31, 2015



FILED
08/17/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Judith K. Stone Cheryl L. Kennett	01-01-11 to 12-31-14 01-01-15 to 12-31-17
Treasurer	Sue Kennady Janell Russell Sara Sparks Brooke N. French	01-01-11 to 04-01-11 04-02-11 to 10-12-11 10-13-11 to 03-08-12 03-09-12 to 12-31-17
President of the Board	Lola Borders Bradley J. Duncan	01-01-11 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
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TO: THE OFFICIALS OF THE JASONVILLE PUBLIC LIBRARY, GREENE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jasonville Public Library (Library), for the period January 31, 2011 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

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

June 28, 2017

JASONVILLE PUBLIC LIBRARY
RESULTS AND COMMENTS

DEPOSITORY RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for any of the 60 months during the period. Reconciliations were not retained for 2011, 2012, 2013, 2014, and 2015. One bank account was omitted from the ledger from the opening of the account on June 20, 2012 to present.

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."

OPTICAL IMAGE OF CHECKS

The financial institution did not return the actual canceled 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 was not returned.

Indiana Code 5-15-5.1-10(a) states in part:

"Each . . . local government shall:

- (1) Make and preserve records containing adequate and proper documentation of . . . essential transactions of the . . . local government to protect the legal and financial rights of the government . . ."

Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information se in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference. . . .

(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a). . . ."

ANNUAL FINANCIAL REPORT ERRORS

The Annual Financial Report (AFR) filed for 2012, 2013, 2014, and 2015 did not match the financial records of the Library as scheduled below:

Years	Fund	Category	Amount per AFR	Amount per Library Ledger	Difference
2011	Operating	Beg Bal	\$ 19,468.79	\$ 19,502.48	\$ 33.69
2011	Operating	Rec	45,656.50	-	(45,656.50)
2011	Operating	Disb	44,146.00	-	(44,146.00)
2011	Operating	End Bal	20,979.29	70,217.92	49,238.63
2011	Rainy Day	Beg Bal	23,297.08	23,382.39	85.31

JASONVILLE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per AFR	Amount per Library Ledger	Difference
2011	Rainy Day	Rec	49.63	-	(49.63)
2011	Rainy Day	End Bal	23,346.71	-	(23,346.71)
2011	Library Improvement Reserve	Rec	153.78	-	(153.78)
2011	Library Improvement Reserve	End Bal	27,878.37	-	(27,878.37)
2011	Gift	Beg Bal	9,800.84	9,774.68	(26.16)
2011	Gift	Disb	26.16	-	(26.16)
2011	Gift	End Bal	9,774.68	-	(9,774.68)
2011	Payroll	Rec	20,933.94	-	(20,933.94)
2011	Payroll	Disb	20,933.94	-	(20,933.94)
2011	Petty Cash	Beg Bal	10.00	-	(10.00)
2011	Petty Cash	End Bal	10.00	-	(10.00)
2011	Cash Change	Beg Bal	10.00	-	(10.00)
2011	Cash Change	End Bal	10.00	-	(10.00)
2011	Jess Hubbell Cd	Rec	36.53	-	(36.53)
2011	Jess Hubbell Cd	End Bal	3,737.02	-	(3,737.02)
2011	Book Reimbursement	Rec	193.62	-	(193.62)
2011	Book Reimbursement	End Bal	815.44	-	(815.44)
2011	Summer Reading	Rec	135.00	-	(135.00)
2011	Summer Reading	End Bal	135.00	-	(135.00)
2012	Operating	Beg Bal	21,071.28	20,979.29	(91.99)
2012	Operating	Rec	54,197.00	37,173.03	(17,023.97)
2012	Operating	Disb	51,015.00	48,098.53	(2,916.47)
2012	Operating	End Bal	24,253.28	10,160.53	(14,092.75)
2012	Library Improvement Reserve	Rec	-	1,500.00	1,500.00
2012	Library Improvement Reserve	End Bal	29,536.03	29,652.09	116.06
2012	Gift	End Bal	10,013.87	19,896.35	9,882.48
2012	Payroll	Rec	23,138.20	-	(23,138.20)
2012	Payroll	End Bal	23,138.20	3,372.70	(19,765.50)
2012	Petty Cash	Beg Bal	10.00	-	(10.00)
2012	Petty Cash	End Bal	10.00	-	(10.00)
2012	Cash Change	Beg Bal	10.00	-	(10.00)
2012	Cash Change	End Bal	10.00	-	(10.00)
2012	Jess Hubbell Cd	Disb	115.02	-	(115.02)
2012	Book Reimbursement	Rec	513.64	-	(513.64)
2012	Book Reimbursement	Disb	1,315.19	-	(1,315.19)
2012	Summer Reading	Rec	100.00	-	(100.00)
2013	Operating	Beg Bal	24,253.28	20,290.90	(3,962.38)
2013	Operating	Disb	53,569.00	50,210.47	(3,358.53)
2013	Operating	End Bal	38,212.28	37,607.89	(604.39)
2013	Rainy Day	Rec	-	74.89	74.89
2013	Rainy Day	End Bal	23,628.05	20,000.00	(3,628.05)
2013	Library Improvement Reserve	Rec	1,500.00	1,613.19	113.19
2013	Gift	Rec	9,881.89	16,541.97	6,660.08
2013	Payroll	Beg Bal	23,138.20	-	(23,138.20)
2013	Payroll	Rec	31,945.00	-	(31,945.00)
2013	Payroll	Disb	31,945.00	-	(31,945.00)
2013	Payroll	End Bal	23,138.20	-	(23,138.20)
2013	Petty Cash	Beg Bal	10.00	-	(10.00)
2013	Petty Cash	End Bal	10.00	-	(10.00)
2013	Cash Change	Beg Bal	10.00	-	(10.00)
2013	Cash Change	End Bal	10.00	-	(10.00)

JASONVILLE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

Years	Fund	Category	Amount per AFR	Amount per Library Ledger	Difference
2014	Operating	Beg Bal	38,212.28	37,607.89	(604.39)
2014	Operating	Rec	54,031.00	74,030.46	19,999.46
2014	Operating	Disb	54,961.76	69,371.98	14,410.22
2014	Operating	End Bal	37,281.52	42,266.37	4,984.85
2014	Rainy Day	Rec	-	87.99	87.99
2014	Rainy Day	End Bal	25,134.94	20,020.44	(5,114.50)
2014	Library Improvement Reserve	Beg Bal	18,036.03	31,036.03	13,000.00
2014	Library Improvement Reserve	Rec	1,500.00	1,554.36	54.36
2014	Library Improvement Reserve	End Bal	19,536.03	19,590.50	54.47
2014	Gift	Rec	294.32	-	(294.32)
2014	Gift	Disb	14,175.00	-	(14,175.00)
2014	Gift	End Bal	6,015.08	19,895.76	13,880.68
2014	Payroll	Beg Bal	23,138.20	-	(23,138.20)
2014	Payroll	Rec	33,329.76	-	(33,329.76)
2014	Payroll	Disb	33,329.76	-	(33,329.76)
2014	Payroll	End Bal	23,138.20	-	(23,138.20)
2014	Petty Cash	Beg Bal	10.00	-	(10.00)
2014	Petty Cash	End Bal	10.00	-	(10.00)
2014	Cash Change	Beg Bal	10.00	-	(10.00)
2014	Cash Change	End Bal	10.00	-	(10.00)
2014	Book Reimbursement	Rec	-	175.00	175.00
2014	Book Reimbursement	End Bal	203.89	422.34	218.45
2015	Operating	Beg Bal	37,281.52	42,266.37	4,984.85
2015	Operating	Disb	58,452.40	52,664.16	(5,788.24)
2015	Operating	End Bal	40,327.40	51,100.49	10,773.09
2015	Rainy Day	Beg Bal	5,134.94	25,134.94	20,000.00
2015	Library Improvement Reserve	Rec	1,500.00	12,195.44	10,695.44
2015	Payroll	Beg Bal	23,138.20	-	(23,138.20)
2015	Payroll	Rec	32,296.01	-	(32,296.01)
2015	Payroll	Disb	32,296.01	-	(32,296.01)
2015	Payroll	End Bal	23,138.20	-	(23,138.20)
2015	Petty Cash	Beg Bal	10.00	-	(10.00)
2015	Petty Cash	End Bal	10.00	-	(10.00)
2015	Cash Change	Beg Bal	10.00	-	(10.00)
2015	Cash Change	End Bal	10.00	-	(10.00)

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."

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)

JASONVILLE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

OVERSPENT APPROPRIATIONS

The records presented indicated the following disbursements in excess of budgeted appropriations:

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2011	Operating	\$ 1,916.90
2014	Operating	10,481.98

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

APPROVAL OF SALARIES

The Library Board did not establish the salaries of officers and employees for 2011, 2012, 2013, 2014, or 2015.

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

"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 . . ."

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)

FAILURE TO WITHHOLD PAYROLL TAXES

Employees were paid without federal, state, and local taxes being withheld in 2011 and 2013. One employee was paid a bonus in 2011 and another employee in 2013 without taxes being withheld and included as income on their Internal Revenue Service (IRS) Wage and Tax Statement - Form W-2 (Form W-2).

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)

JASONVILLE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

PENALTIES AND INTEREST

Payroll taxes withheld were not properly remitted to the IRS in 2012 and a prior year, resulting in penalties and interest being assessed and paid in the amount of \$451.

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)

ERRORS ON FORM W-2

The wages reported on the Form W-2s issued for 2012, 2014, and 2015 did not agree with the actual amounts paid to employees. In addition, Form W-2s were not presented for 2011.

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)

INACCURATE FORM 100-R

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was inaccurate as scheduled below:

Years	Position	Form 100-R Stated Compensation	Compensation Paid	Difference
2012	Librarian Assistant	\$ 7,989	\$ 7,922	\$ 67
2012	Treasurer	1,667	1,500	167
2012	Extra Hire	2,055	1,591	464
2013	Extra Hire	2,750	2,070	680
2015	Treasurer	3,044	2,000	1,044
2015	Librarian Assistant	10,182	10,058	124
2015	Janitor & Extra Hire	2,419	2,794	(375)

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other

JASONVILLE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

state, county, or city institution, shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

OFFICIAL BOND

The Treasurer's Surety Bond was not recorded in the County Recorder's office for two of the Treasurers in 2011. Library records did not indicate that the third Treasurer in 2011 purchased a Surety Bond. In addition, the Librarian's Surety Bond was not recorded in the County Recorder's office for 2012, 2013, 2014, and 2015.

Indiana Code 36-12-2-22(g) states:

"The treasurer shall give a surety bond for the faithful performance of the treasurer's duty and for the accurate accounting of all money coming into the treasurer's custody. The bond must be:

- (1) Written by an insurance company licensed to do business in Indiana;
- (2) For the term of office of the treasurer;
- (3) In an amount determined by the library board;
- (4) Paid for with the money from the library fund;
- (5) Payable to the state of Indiana
- (6) Approved by the library board; and
- (7) Deposited in the office of the recorder of the county in which the library district is located."

ANNUAL FINANCIAL REPORT FILED LATE

The AFR for 2011 was not filed electronically until March 14, 2012, which was 13 days past the due date.

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."

JASONVILLE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2017, with Cheryl L. Kennett, Director; Brooke N. French, Treasurer; and Bradly J. Duncan, President of the Board.