

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

COMPLIANCE REPORT
OF

NEW HARMONY WORKINGMEN'S
INSTITUTE PUBLIC LIBRARY
POSEY COUNTY, INDIANA

January 1, 2016 to December 31, 2019



FILED

10/16/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ryan Rokicki	01-01-16 to 12-31-20
Treasurer	Dan Busler	01-01-16 to 12-31-16
	Kenyon Bailey (deceased)	01-01-17 to 11-18-18
	(Vacant)	11-19-18 to 12-31-18
	Connie Weinzapfel	01-01-19 to 12-31-20
President of the Library Board	Fred M. Frayser	01-01-16 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NEW HARMONY WORKINGMEN'S
INSTITUTE PUBLIC LIBRARY, POSEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the New Harmony Workingmen's Institute Public Library (Library) for the period of January 1, 2016 to December 31, 2019, 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 non-compliance found as a result of these procedures. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Library's Annual Financial Reports information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

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

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

September 1, 2020

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

This same comment also appeared in prior Report B48386.

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were not conducted for 2016, 2017, and 2018; however, the Library began reconciling in 2019. As a result of the failure to present depository reconciliations of the fund balance to the bank account balance for review, our procedures were limited exclusively to compliance testing. Due to this lack of documentation and performance of limited compliance procedures, we cannot conclude on the financial position of the unit.

The Depository reconciliations of the fund balances to the bank account balances as of December 31 were as follows:

December 31, 2016 - bank account balances exceeded fund balances by \$1,119,071.

December 31, 2017 - fund balances exceeded the bank account balances by \$1,582.

December 31, 2018 - bank account balances exceeded fund balances by \$3,941.

Criteria

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

CONDITION OF RECORDS

This same comment also appeared in prior Report B48386.

Condition and Context

The Annual Financial Reports (AFR) filed for 2016, 2017, 2018, and 2019 contained numerous errors and did not match the Library's General Ledger Report (Ledger). The AFRs were used to compile the financial statements.

The financial statements presented for review were incomplete and not reflective of the activity of the Library. The amounts for beginning cash and investment balances, receipts, disbursements, and ending cash and investment balances were unable to be determined because the records presented did not provide sufficient information. In addition, fund balances were not tracked. As a result of these material misstatements, our procedures were limited exclusively to compliance testing. Due to these misstatements, and performance of limited compliance procedures, we cannot conclude on the financial position of the unit.

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

Record deficiencies included:

1. The Gift Fund - Investments activity was not recorded in the ledger for 2016.
2. Posting errors or omissions likely occurred because a proof of cash was unable to be performed.
3. The Ledger did not track activity by fund, but instead by bank/investment account.

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

COMPENSATION AND BENEFITS

This same comment also appeared in prior Report B48386.

Condition and Context

Compensation and benefits paid to 88 percent of the employees tested was not included on the salary resolution or salary schedule.

Criteria

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)

DEPOSITS

Condition and Context

Because receipts were not written, the date the checks were actually received by the Library could not be determined; however, copies of the checks were retained as support for the deposits. Of the 25 deposits tested, 7 deposits were deposited between 6 and 46 days after the check date, and all 7 deposits exceeded \$500 and contained at least one check that was dated more than three weeks prior to the deposit date.

Criteria

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.
.."

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
RESULTS AND COMMENTS
(Continued)

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) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d)."

CAPITAL ASSETS

Condition and Context

The Library does maintain a detail listing of capital assets owned which reflects their acquisition value. However, the Library did not create a capital asset policy that details the threshold at which an item is considered a capital asset. In addition, the Library did not complete a physical inventory at least every two years during the engagement period.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)



Working Men's Institute Museum and Library

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State Board of Accounts
302 West Washington Street
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Indianapolis, Indiana 46204-2765

September 1, 2020

OFFICIAL RESPONSE

The Working Men's Institute is committed to correcting the deficiencies in reporting to the State Board of Accounts. The Executive Director and Treasurer are working with the full board and our accountant to meet State guidelines.

Sincerely,

A handwritten signature in cursive script that reads "Ryan Rokicki".

Ryan Rokicki
Executive Director

NEW HARMONY WORKINGMEN'S INSTITUTE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2020, with Ryan Rokicki, Director; Julia M. Batey, Library's Accountant; and Connie Weinzapfel, Treasurer.