



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B60269

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November 17, 2022

TO: THE OFFICIALS OF THE DUNKIRK PUBLIC LIBRARY, JAY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Dunkirk Public Library (Library), Jay County, for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

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 District's Annual Financial Reports filed by management can be found on the Gateway Website: [www.gateway.ifionline.org](http://www.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.

***Comments***

***ANNUAL FINANCIAL REPORT***

A similar comment also appeared in prior Report B52039.

***Condition and Context***

The Annual Financial Reports (AFRs) submitted by the Library for 2018, 2019, 2020, and 2021 were incorrect and did not match the financial records of the Library. During 2019 and 2021, the Library's reported receipts, disbursements, and balances of 7 of the 18 funds did not agree with ledgers. Also, the Payroll Withholdings fund was excluded from the AFRs and financial statements for each year of the engagement. In addition, during 2020 and 2021 the Summer Reading Gift Fund was excluded.

***Criteria***

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

"The state examiner shall require from every audited entity 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](#)."

## **MONTHLY AND ANNUAL GATEWAY UPLOADS**

### *Condition and Context*

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved Library Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The Library did not comply with the State Examiner Directive and failed to upload a portion of the monthly and annual files on the Indiana Gateway for Government Units (Gateway) financial reporting system for 2018, 2019, 2020, and 2021.

### *Criteria*

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)

Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

Depository bank reconciliations were performed on the checking account only. The investments were not included in the reconciliations. Failure to perform reconciliations, which include the investments, resulted in errors reported on the financial records going undetected.

In addition, the reconciliations for February 2019 and January 2020 could not be provided during the engagement.

### *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)

## **ADOPTION OF INTERNAL CONTROL STANDARDS**

The same comment appeared in the prior Report B52039.

### *Condition and Context*

The Library had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts and required by statute.

### *Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision . . ."

## **TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment appeared in the prior Report B52039.

### *Condition and Context*

Library personnel whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Library, had not received training over internal control standards.

### *Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

## **CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The same comment appeared in the prior Report B52039.

### *Condition and Context*

The Library certified on the Annual Financial Report for 2018, 2019, 2020, and 2021 that the minimum internal control standards had been adopted by the political subdivision and personnel had received training as required. As noted above, these actions had not taken place and the certifications were incorrect.

### *Criteria*

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

"The state examiner shall require from every audited entity 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](#)."

## COMPENSATION

### *Condition and Context*

The Library did not provide an annual salary resolution or ordinance, Library Board minutes, or other documentation setting and approving the salaries of Library officers and employees during the engagement period.

### *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)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
Operating	\$ 275,032
Museum Petty Cash Fund	170
Rainy Day Fund	16,504
State Technology Grant Fund	997
Lirf	13,239
LIRF INVESTMENT 2	10,114
LIRF INVESTMENT 3	10,100
LIRF INVESTMENT 1	5,413
Video Fund	103
Levy Excess Fund	912
Museum Endowment Distribution	13,251
Petty Cash	50
Cash Change Fund	30
Gift Fund	1,482
Trl Fund	25
Museum Gift Fund	1,750
Summer Reading Gift Fund	385
Payroll Withholdings	-
Total	<u>\$ 349,557</u>

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

The contents of this report were communicated to Stephanie Crouch, Director, and Craig Faulkner, Board member, on November 7, 2022.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner