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B45268

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July 23, 2015

TO: THE OFFICIALS OF THE JAY COUNTY 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 Jay County Public Library (Library), for the period of January 1, 2011 to December 31, 2014, 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 *generally accepted auditing standards*. 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 Library's Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Library can be found on the Gateway website: <https://gateway.ifionline.org/>.

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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

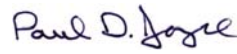
- *The Library officials did not timely file a Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) for 2011. The report was filed on April 25, 2012, which was 85 days past the due date.*
- *Penalties, interest, and other charges were paid to the Indiana Department of Revenue in the amount of \$15.72 for the period ending December 31, 2011, because payments previously made to the Indiana Department of Revenue were not correct.*

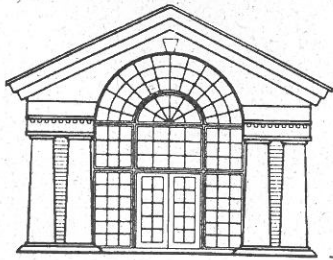
- *In 2006, the Library entered into a Designated Revocable Fund Agreement Between the Portland Foundation, Inc., and Jay County Public Library creating the Jay County Public Library Second Century Fund. The terms of the agreement state that "all gifts, bequests and devises this Fund shall be considered revocable" by the Foundation and the Jay County Public Library. Further, the agreement provides that the Foundation or the Jay County Public Library may terminate the agreement and, upon termination, "the Foundation shall distribute . . . all principal and accrued interest in the Fund" to the Jay County Public Library. The agreement does not create a permanent endowment as required by Indiana Code 36-12-3-11(a)(5)(b). The balance of the fund on December 31, 2014, was \$18,681.37.*

The procedures we performed did not indicate any instances of substantial noncompliance that warrant comment at this time. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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 April 2, 2015, with Gail Godfrey, Assistant Director/Bookkeeper; Eric Hinderliter, Director; and Michael McKee, President of the Library Board. Any Official Response attached to this letter was not verified for accuracy.


Paul D. Joyce, CPA
State Examiner



JAY COUNTY PUBLIC LIBRARY

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March 31, 2015

It came to our attention during our State Board of Accounts audit that there is an issue with one of our endowments that are set up at the Portland Foundation. As you are aware we have both permanent and non-permanent endowments. We understand that the non-permanent endowment (the 2nd Century Fund) is not set up in a way that meets the standards of the SBOA.

I have been in discussion with Doug Inman, executive director of the Portland Foundation, and he has assured me that we have multiple options on how to handle the 2nd Century Fund. In sum, here are those options -

1. Spend down the remaining balance.
2. Roll the remaining balance into the permanent fund.
3. Convert the 2nd Century Fund into a permanent fund.

I will be making a recommendation to the library board at its next meeting on April 13, 2015. At this meeting a decision will be made from the three options and this fund will no longer be non-permanent.

I hope that this action will correct the situation in a way that meets the approval of the State Board of Accounts. If there is any other option we need to look at or more information we can provide please do not hesitate to contact me.

Sincerely,

Eric Hinderliter, Director