

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

KENDALLVILLE PUBLIC LIBRARY

NOBLE COUNTY, INDIANA

January 1, 2023 to December 31, 2024



FILED

05/12/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mindy London	01-01-23 to 12-31-25
Treasurer	Debbie Blaine	01-01-23 to 12-31-25
President of the Library Board	Sam Zollman Anne Tipple	01-01-23 to 12-31-24 01-01-25 to 12-31-25



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TO: THE OFFICIALS OF THE KENDALLVILLE PUBLIC LIBRARY, NOBLE COUNTY, INDIANA

This report is supplemental to the audit report of the Kendallville Public Library (Library), for the period from January 1, 2023 to December 31, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Library. It should be read in conjunction with the Financial Statement Audit Report of the Library, which provides our opinions on the Library's financial statement. 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 29, 2025

KENDALLVILLE PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

The following areas did not have proper internal controls in place to ensure compliance with laws, regulations, and Guidelines:

- Adoption of Internal Control Standards
- Certification on Internal Control Standards
- Annual Financial Report - Capital Assets
- Capital Assets

Noncompliance over each of the above areas is further discussed in the comments below.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The Library had not adopted the minimum level of internal control standards as required by statute until January 23, 2025.

Criteria

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

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

KENDALLVILLE PUBLIC LIBRARY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Library incorrectly certified on the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system that the required internal control standards had been adopted. The Library had not adopted the internal control standards as required by Indiana Code 5-11-1-27(g) until January 23, 2025.

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 as set forth in the uniform compliance guidelines. 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](#)."

ANNUAL FINANCIAL REPORT - CAPITAL ASSETS

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital asset information entered into Gateway as of December 31, 2024, could not be verified because the Library was unable to provide a complete capital asset listing to support the values reported for land of \$202,350; buildings of \$1,129,670; improvements other than buildings of \$56,623; machinery, equipment, and vehicles of \$118,802; and books and other assets of \$1,336,676.

The financial reporting framework utilized by the Library includes the option to present a Schedule of Capital Assets as Other Information in its Financial Statement Audit Report of the Library. The Library elected not to present this schedule.

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 as set forth in the uniform compliance guidelines. 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](#)."

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AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The Library did not present a capital asset ledger that detailed all the capital assets owned which reflects their acquisition value. In addition, the Library did not provide evidence that a complete physical inventory was taken.

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)

KENDALLVILLE PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 10, 2025, with Mindy London, Director; Melissa Ervin, Financial Specialist; and Amanda Jansen, Library Board member.