

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LOWELL PUBLIC LIBRARY

LAKE COUNTY, INDIANA

January 1, 2011 to December 31, 2015



FILED
03/06/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|---|--|
| Director | Sandy Morgan (Vacant) Gene Pidzarko | 01-01-11 to 12-31-11 01-01-12 to 04-08-12 04-09-12 to 12-31-17 |
| Treasurer | Brenda Wunderink | 01-01-11 to 12-31-17 |
| President of the Board | Zern Hayden Gerold Stout | 01-01-11 to 12-31-13 01-01-14 to 12-31-17 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LOWELL PUBLIC LIBRARY, LAKE COUNTY, INDIANA

This report is supplemental to our examination report of the Lowell Public Library (Library), for the period from January 1, 2011 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Library. It should be read in conjunction with our Financial Statements Examination Report of the Library, which provides our opinion on the Library's financial statements. 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 Examination Result and Comment contained herein describes the identified reportable instance 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 Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

January 18, 2017

LOWELL PUBLIC LIBRARY
EXAMINATION RESULT AND COMMENT

LIBRARY ENDOWMENT FUND (NON-PERM) INVESTMENT

The Library had funds on deposit with the Legacy Foundation, Inc (Foundation). The financial activity associated with these monies was presented on the financial statements in the Library Endowment Fund (Non-Perm). The terms of the agreement with the Foundation did not create a permanent endowment as provided by Indiana Code 36-12-3-11. The funds on deposit with the foundation did not meet the provisions for investment of public funds as found in Indiana Code 5-13-9.

Indiana Code 36-12-3-11(a)(5) states in part:

"Money or securities accepted and received by the library board as a grant, a gift, a donation, an endowment, a bequest, or a trust may be: . . .

(B) set aside in an account with a nonprofit corporation established for the sole purpose of building permanent endowments within a community (referred to as a 'community foundation'). The earnings on the funds in the account, either:

- (i) deposited by the library; or
- (ii) accepted by the community foundation on behalf of the library;

may be distributed back to the library for expenditure, without appropriation, in accordance with the conditions and purposes specified by the donor. . . ."

LOWELL PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2017, with Gene Pidzarko, Director; Gerold Stout, President of the Board; and Mark Gatewood, Business Manager.