

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

COMPLIANCE REPORT
OF
WAYNE COUNTY CONTRACTUAL LIBRARY
WAYNE COUNTY, INDIANA
January 1, 2016 to December 31, 2018



FILED
12/26/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Paris Pegg	01-01-16 to 12-31-19
Treasurer	Kent Klinge Susan Isaacs	01-01-16 to 12-31-16 01-01-17 to 12-31-19
President of the Library Board	Dorothy Smoker Carol Pentecost	01-01-16 to 12-31-16 01-01-17 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WAYNE COUNTY CONTRACTUAL
LIBRARY, WAYNE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Wayne County Contractual Library (Library), Wayne County, for the period of January 1, 2016 to December 31, 2018, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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.

The Schedule of Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, 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.

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

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

November 25, 2019

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OTHER INFORMATION - UNAUDITED

The Library's Annual Financial Reports information can be found on the Indiana Gateway for Government Units (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Library's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

WAYNE COUNTY CONTRACTUAL LIBRARY
SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2018

Fund	Cash and Investments 12-31-18
General Fund	\$ 68,281
Rainy Day Fund	<u>4,799</u>
Total	<u>\$ 73,080</u>

WAYNE COUNTY CONTRACTUAL LIBRARY
RESULT AND COMMENT

ADOPTION AND CERTIFICATION OF INTERNAL CONTROL STANDARDS

Condition and Context

The Library certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Director indicated that the Library had not adopted the minimum internal control standards.

Criteria

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

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

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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](#)."

November 26, 2019

State Board of Accounts
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Indianapolis, IN 46204-2765


On behalf of the Morrisson-Reeves Library, I want to thank you for this opportunity to make an official response to the comment in our recent SBoA audit exit conference, which is reflected in the auditor's report.

The following comment is an identifiable instance of noncompliance found as a result of the procedures performed by the auditor assigned to the Wayne County Contractual Library for the purpose of this audit.

- *The Library had not adopted the acceptable minimum level of internal control standards as defined by the State Board of Accounts. In addition, the Library certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Director indicated that the Library had not adopted the minimum internal control standards.*

The above statement is correct in theory. The confusion lies in the reality that the Wayne County Contractual Library exists on paper, but there is no physical building, no staff, no assets, no accounts payable or receivable, no utilities, etc. The Morrisson-Reeves Library, through contractual agreement, carries out all the operating functions of the Wayne County Contractual Library. When the response was entered into Gateway that the "library" had in fact approved the minimum internal control standards, it was by virtue of the contractual relationship with the Morrisson-Reeves Library. The policies that are required to carry out library services are approved by the Morrisson-Reeves Library board and applied to those residents of the Wayne County Contractual Library taxing district, as there is no other avenue for the provision of library services. This issue will be corrected at the next meeting of the Wayne County Contractual Library board in September 2020.

Thank you!



Paris Pegg
Director

WAYNE COUNTY CONTRACTUAL LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on November 25, 2019, with Paris Pegg, Director; Susan Isaacs, Treasurer; and Carol Pentecost, President of the Library Board.