

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LA PORTE COUNTY PUBLIC LIBRARY

LA PORTE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
05/11/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Fonda Owens	01-01-20 to 12-31-22
Treasurer	Cynthia Lane	01-01-20 to 12-31-22
President of the Board of Trustees	Scott Siefker Karen Ellison Corey Campbell	01-01-20 to 03-31-20 04-01-20 to 03-31-22 04-01-22 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LA PORTE COUNTY PUBLIC LIBRARY, LA PORTE COUNTY, INDIANA

This report is supplemental to our audit report of the La Porte County Public Library (Library), for the period from January 1, 2020 to December 31, 2020. 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 our 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 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

April 26, 2022

LA PORTE COUNTY PUBLIC LIBRARY
AUDIT RESULT AND COMMENT

CASH AND INVESTMENTS

Condition and Context

The Library had not properly designed and implemented a system of internal controls over all the cash and investment bank accounts. The Library had designed and implemented internal controls over the month-end bank reconciliations; however, the internal controls were not effective as the reconciliations were incomplete due to the omission of two investment accounts held by an investment company. The Library opened these investment accounts in 2015 and had not recorded any of the interest earned or management fees incurred to the Library's fund ledger. As of December 31, 2020, a net amount of investment interest earned had not been recorded totaling \$711,940.

Adjustments were proposed, approved by the Library, and made to the financial statement.

In addition, the money market funds held at the investment company were not held in an approved depository as required.

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.

LA PORTE COUNTY PUBLIC LIBRARY
AUDIT RESULT AND COMMENT
(Continued)

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. . . ."

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."

Any interest from an investment should be credited to the investment account of the political subdivision and become a part of the principal in that account. The interest credited to the investment account should be receipted into the accounting records. The investment amount reported in the accounting records should be increased by showing a purchase of investments in the amount of the interest added to the investment account. (Accounting and Uniform Compliance Guidelines Manual for Libraries, Chapter 1)

Indiana Code 5-13-9-2.5 states in part:

"(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under [IC 5-13-9.5](#). . . ."



Date: May 5, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Audit Result and Comment
La Porte County Public Library
Audit for period January 1, 2020 to December 31, 2020

(Official response)

La Porte County Public Library's short term cash equivalents are invested in the Fidelity Investments Money Market Government Portfolio – Class 1 (FIGXX). This is a money market mutual fund instrument investing only in US Government securities or investments which are 100% collateralized by US Government securities. It is in compliance with industry-standard regulatory requirements for money market funds for the quality, maturity, liquidity and diversification of investments.

Based upon this more detailed information regarding the money market mutual fund from Harbour Trust Investment Management Company, our conclusion is that this fund does meet the investment requirements per IC 5-13-9-2.5 which states in part:

“(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal government Company Act of 1940, as amended (15 U.S.S. 80 a et seq.).”

Fonda Owens, Director

Cynthia M. Lane, Treasurer

La Porte County Public Library
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LA PORTE COUNTY PUBLIC LIBRARY
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2022, with Fonda Owens, Director; Cynthia Lane, Treasurer; Corey Campbell, President of the Board of Trustees; Karen Ellison, Board of Trustees member; and Ann Shaffer, Accounting Professional.