



Dave Yost • Auditor of State

**GRAFTON-MIDVIEW PUBLIC LIBRARY
LORAIN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Grafton-Midview Public Library
Lorain County
983 Main Street
Grafton, Ohio 44044

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Grafton-Midview Public Library, Lorain County, Ohio, (the Library) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2013 and 2012, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2013 and December 31, 2012 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2012 beginning fund balances recorded in the YTD Fund Cash Report to the December 31, 2011 balances in the prior year audit work papers. We found no exceptions. We also agreed the January 1, 2013 beginning fund balances recorded in the YTD Fund Cash Report to the December 31, 2012 balances in the YTD Fund Cash Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2013 and 2012 fund cash balances reported in the YTD Fund Cash Report. The amounts agreed.
4. We confirmed the December 31, 2013 Endowment Investment account with the Library's investment broker. We noted the amount the Library valued the investment balance at \$163,244 and the Investment Broker's valuation of the account was \$186,809. We also observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2013 bank reconciliation. We noted the Bank Account Balance and the Star Ohio Account balances agreed, however the Endowment Investment account was not valued at the correct fair market value amount. The Library should record investment interest as earned and should reconcile its records to the current value for all bank and investment accounts including its endowment fund.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2013 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2013 and December 31, 2012 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Public Library Fund Receipts

We selected two Public Library Fund (PLF) receipts from the Lorain County Public Library Fund Distribution Transaction Lists from 2013 and two from 2012.

- a. We compared the amount from the Lorain County Public Library Fund Distribution Transaction Lists to the amount recorded in the Revenue Transaction Report. The amounts agreed.
- b. We determined whether these receipts were posted to the General Fund. We found no exceptions.
- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
- d. We scanned the Revenue Transaction Report to determine whether it included one PLF receipt per month for 2013 and 2012. We found no exceptions.

Property Taxes and Intergovernmental

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes from the Lorain County Auditor (the Statement) for 2013 and one from 2012.
 - a. We traced the gross receipts from the Statement to the amount recorded in the Revenue Transaction Report. The amounts agreed.
 - b. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Revenue Transaction Report to determine whether it included two real estate tax receipts for 2013 and 2012. We noted the Revenue Transaction Report included the proper number of tax receipts for each year.
3. We selected two homestead and rollback receipts from the Statement of Semiannual Apportionment of Taxes from the Lorain County Auditor from 2013 and two from 2012.
 - a. We compared the amount from the above report to the amount recorded in the Revenue Transaction Report. The amounts did not agree in 2013. We noted the amount recorded in the Revenue Transaction Report was \$75,043 and the amount from the *Statement* was \$72,738. The difference appears to relate to over-posting of settlement fees. We recommend the Library post receipt transactions and related fees at the proper amounts.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2011.
2. We inquired of management, and scanned the Revenue Transaction Report and the Expense Transaction Report for evidence of debt issued during 2013 or 2012 or debt payment activity during 2013 or 2012. We noted no new debt issuances or any debt payment activity during 2013 or 2012.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2013 and one payroll check for five employees from 2012 from the Payroll Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel folder. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel folder was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Departments and funds to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

Payroll Cash Disbursements (Continued)

3. We scanned the last remittance of tax and retirement withholdings for the year-ended December 31, 2013 to determine whether remittances were paid timely, and the amounts agreed to the amounts withheld, plus the employer share where applicable, during the final withholding period of 2013. The Library uses Accu-Rate for payroll, and Accu-Rate performs the withholding and remittance of Federal, State, and Local taxes, and retirement. We obtained the Accu-Rate reports which indicated the amount withheld for taxes and retirement withholdings for the final pay period in December 2013. We agreed the amounts paid to for tax withholdings per the bank statements with the Accu-Rate withholding reports. We compared the amount paid to OPERS from the Accu-Rate reports to the OPERS website. We noted the following:

| Withholding (plus employer share, where applicable) | <u>Pay Date</u> | Amount Due Per Accu-rate <u>Payroll</u> <u>Report</u> | Amount Disbursed to Accu-rate <u>From Bank</u> | <u>Date Withdrawn From Bank Paid</u> |
|---|------------------------|--|---|---|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | December 27, 2013 | \$1,682.98 | | |
| State income taxes | December 27, 2013 | 322.20 | | |
| Local income tax | December 27, 2013 | <u>261.91</u> | | |
| Total Taxes | | <u>\$2,267.09</u> | <u>\$2,267.09</u> | December 26, 2013 |
| OPERS Retirement | January 31, 2014 | <u>\$4,452.81</u> | <u>\$,4,452.81</u> | December 31, 2013 |

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Report for the year ended December 31, 2013 and ten from the year ended December 31, 2012 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Check Register Report and to the names and amounts on the supporting invoices. We noted the Library was unable to provide adequate supporting documentation for one check amount selected. Per inquiry, the check was for a Medicare reimbursement paid to an employee to reimburse them for their spouse's Medicare. The only supporting documentation was scanned copies of previous check payments to the employee. We noted one case where the check number, and check date in the accounting system did not agree with the number and date on the physical cancelled check. This was due to the Library in July 2013 switching accounting systems, first from CMI to UAN, and then back from UAN to CMI. This transition caused multiple duplicate check numbers in July of 2013. The CMI system does not allow for two checks to have the same check number, therefore one of the checks needed to be entered with a different check number. We recommend the Library maintain supporting documentation for all disbursements and ensure its check sequence is properly reflected in the accounting system.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
2. We scanned the Expense Transaction Report for the year ended December 31, 2013 and 2012 and determined that the proceeds from the levy passed under Ohio Rev. Code Section 5705.23, were used for the purpose stated in the resolution.

Compliance – Budgetary

1. We compared total appropriations required by Ohio Admin. Code Section 117-8-02, to the amounts recorded in the Current Expense Report for 2013 and 2012 for the following funds: General Fund and Building Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Current Expense Report.
2. Ohio Admin. Code Section 117-8-02 prohibits spending in excess of budgeted amounts. We compared total expenditures to total appropriations for the years ended December 31, 2013 and 2012 for the General Fund and Building Fund, as recorded in the Current Expense Report. We noted no funds for which expenditures exceeded appropriations.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Library's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Library, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

July 18, 2014



Dave Yost • Auditor of State

GRAFTON-MIDVIEW PUBLIC LIBRARY

LORAIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 7, 2014**