



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Holgate Community Library  
Henry County  
204 Railway Avenue  
P.O. Box 726  
Holgate, Ohio 43527-0726

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Holgate Community Library, Henry County, Ohio (the Library), on the receipts, disbursements and balances recorded in the Library's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Library. The Library is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Library. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances in the Fund Ledger Report. We found the opening balance in January 2018 was understated by \$21 due to the reissuance of a prior period disbursement.
3. We agreed the totals per the bank reconciliation to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the Library's financial institution. We found no exceptions.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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. There were no exceptions.

6. We inspected investments held at December 31, 2018 and December 31, 2017 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 County Distribution Transaction Lists from 2018 and two from 2017.

- a. We compared the amount from the County Distribution Transaction Lists to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. We inspected the Receipt Register Report and observed these receipts were posted to the General Fund. We found no exceptions.
- c. We inspected the Receipt Register Report and observed the receipts were recorded in the proper year. We found no exceptions.
- d. We inspected the Receipt Register Report to determine whether it included one PLF receipt per month for 2018 and 2017. We found no exceptions.

### **Property Taxes**

1. We selected a property tax receipts from one *Statements of Semiannual Apportionment of Taxes* (the Statements) for 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statements* to the amount recorded in the Receipt Register Report. The amounts did not agree. Property tax receipts were posted net of fees. This resulted in property tax revenue being understated by \$3,245 and \$1,180 for 2018 and 2017 respectively. Because we did not inspect all property tax receipts, our report provides no assurance whether or not additional similar errors occurred. The Library should record taxes at gross amounts with a corresponding disbursements to record the fees charged.
  - b. We inspected the Receipt Register Report to confirm whether the receipts were recorded in the proper year. The receipts were recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts. The Receipt Register Report included the proper number of tax receipts for each year.

### **Debt**

1. The prior audit agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt issued agreed to the summary we used in procedure 3.
3. We obtained a summary of Loan debt activity for 2018 and 2017. No principal and interest payments from the related debt amortization schedule was due in 2018. No debt service payments were reported in the Payment Register Detail Report. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General fund per the Receipt Register Report. The amounts agreed.

5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Library must use the proceeds to renovate the building. We inspected the Payment Register Detail Report and observed the Library's capital outlay expenditures to the general contractor and various other contractors involved in the renovation during 2018.

During 2018, the Library obtained a bank loan. This type of debt is not authorized in Ohio Rev. Code Chapter 133 or Ohio Rev. Code §3375.404. The Library has no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Without a statutory provision authorizing this method of incurring debt, the Library was not permitted to use such a method. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Library. The Library should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

### Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Summary Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Summary Report to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2019	January 7, 2019	\$791.02	\$791.02
State income taxes	January 15, 2019	January 7, 2019	394.16	394.16
Local income taxes	January 31, 2019	December 31, 2018	238.63	238.63
School District taxes	January 31, 2019	January 7, 2019	292.37	292.37
OPERS retirement	January 30, 2019	January 7, 2019	1,871.97	1,871.97

### Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended December 31, 2017 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 Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.

- 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.

### **Compliance – Budgetary**

1. We compared total appropriations required by Ohio Admin. Code Section 117-8-02, to the amounts recorded in the Accounting System for 2018 and 2017. The amounts on the appropriation resolutions agreed to the amounts recorded in the Accounting System.
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, 2018 and 2017 for the General fund, as recorded in the Accounting System. We observed no instances where total expenditures exceeded total appropriations.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires libraries to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Library filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policies obtained above and determined it is:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.We found no exceptions.
  - b. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.

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

This report is to provide assistance in the evaluation of the Library's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber  
Auditor of State

Columbus, Ohio

October 15, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**HOLGATE COMMUNITY LIBRARY**

**HENRY 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  
NOVEMBER 7, 2019**