

MORLEY LIBRARY

LAKE COUNTY

AGREED UPON PROCEDURES

For the Years Ended December 31, 2018 and 2017



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Library Trustees
Morley Library
184 Phelps Street
Painesville, Ohio 44077-3926

We have reviewed the *Accountants Report on Applying Agreed-Upon Procedures* of the Morley Library, Lake County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Morley Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 13, 2019

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Morley Library
Lake County
Agreed Upon Procedures
For the years ended December 31, 2018 and 2017

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

Morley Library
Lake County
184 Phelps Street
Painesville, Ohio 44077

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Morley Library (the Library) and the Auditor of State, 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 Treasurer's Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Treasurer's Report to the December 31, 2017 balances in the Treasurer's Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Treasurer's Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the Library's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. 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 traced interbank account transfers occurring in December of 2018 and 2017 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

7. 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 haphazardly selected two Public Library Fund (PLF) receipts from the County Local Government Fund Support Distribution List from 2018 and two from 2017.

- a. We compared the amount from the County Local Government Fund Support Distribution List to the amount recorded in the Cash Receipt Journal. The amounts agreed.
- b. We inspected the Cash Receipt Journal 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 Cash Receipt Journal to determine whether it included one PLF receipt per month for 2018 and 2017. We found no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Cash Receipt Journal. We also traced the advances noted on the Statement to the Cash Receipt Journal Receipt. The amounts agreed.
 - b. We inspected the Cash Receipt Journal to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Cash Receipt Journal to determine whether it included two real estate tax receipts plus two advances for 2018 and 2017. The Cash Receipt Journal included the proper number of tax receipts for each year.
3. We tested all four receipts from the State Distribution Transaction Lists (DTL) from 2018 and all three from 2017.
 - a. We compared the amount from the above report to the amount recorded in the Cash Receipt Journal. The amounts agreed.
 - b. We inspected the Cash Receipt Journal to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Cash Receipt Journal to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we observed the following bond was outstanding as of December 31, 2016. This amount agreed to the Library's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
2012 Library Refunding Bonds	\$3,135,000

2. We inquired of management, and inspected the Cash Receipt Journal and Appropriation Journal for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonded debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedule to Debt Service Fund payments reported in the Appropriation Journal. We also compared the date the debt service payments were due to the date the Library made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Paycor Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Paycor Payroll Register to supporting documentation (timecard, legislatively or statutorily-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. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files and for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund 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 procedures a. – f. above.

3. 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)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	December 28, 2018	\$4,919.85	\$4,919.85
State income taxes	January 15, 2019	December 28, 2018	\$1,021.15	\$1,021.15
Local income tax	January 15, 2019	December 28, 2018	\$1,004.58	\$1,004.58
OPERS retirement	January 30, 2019	January 22, 2019	\$14,291.43	\$14,291.43

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Paycor Payroll Journal and the Library's Appropriation Journal:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Library's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. From the Appropriation Journal, we re-footed checks recorded as General Fund disbursements for *salaries*, and checks recorded as *debt payment* in the Debt Service fund for 2018. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Journal for the year ended December 31, 2018 and ten 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 Appropriation Journal 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.
3. We inspected the Appropriation Journal for the year ended December 31, 2018 and 2017 and determined that the proceeds from the levy passed under Ohio Rev. Code Section 5705.23, were used for the purposes 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 Appropriation Journal for 2018 and 2017 for the following funds: General Fund, Debt Service Fund and Building Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Journal. However, we noted that the annual report for 2017 filed on the Hinkle System does not agree with the appropriation resolutions.
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, Debt Service Fund and Building Fund, as recorded in the Appropriation Journal. We observed that no funds for which expenditures exceeded appropriations.
3. We inspected the Appropriation Journal for the Memorial Endowment Fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period.

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. The 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 the 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:
 - a. copies of existing internal control policies,
 - b. a list of authorized users, and
 - c. a list of all credit card account transactions.

We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that 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.



Charles E. Harris & Associates, Inc.

May 2, 2019

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OHIO AUDITOR OF STATE KEITH FABER



MORLEY LIBRARY

LAKE 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
JUNE 25, 2019**