



OHIO AUDITOR OF STATE  
**KEITH FABER**





MUSKINGUM COUNTY LIBRARY SYSTEM  
MUSKINGUM COUNTY  
DECEMBER 31, 2018 AND 2017

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# OHIO AUDITOR OF STATE KEITH FABER



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

Muskingum County Library System  
Muskingum County  
220 North 5<sup>th</sup> Street  
Zanesville, Ohio 43701

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Muskingum County Library System, Muskingum 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 YTD Fund Summary 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 Statement of Cash from Revenues and Expenditures to the December 31, 2017 balances in the YTD Fund Summary 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 YTD Fund Summary Report (2017) and the Statement of Cash from Revenues and Expenditures (2018). 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 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 and February bank statements. We found no exceptions; all outstanding debits had cleared or had been properly voided.
  - 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.

### Cash and Investments (Continued)

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 §§ 135.13, 135.14 or 135.144. We found no exceptions
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code § 135.13 or 135.14. We noted no exceptions.

### Public Library Fund Receipts

We selected two Public Library Fund (PLF) receipts from the Muskingum County Detail Expense Report from 2018 and two from 2017.

- a. We compared the amount from the Muskingum County Detail Expense Report to the amount recorded in the Revenue Report (2018) and the Revenue Control Report (2017). The amounts agreed.
- b. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) and observed these receipts were posted to the General Fund. We found no exceptions.
- c. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) and observed the receipts were recorded in the proper year. We found no exceptions.
- d. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) to determine whether it included one PLF receipt per month for 2018 and 2017. We found no exceptions.

### Property Taxes and Intergovernmental

1. We 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 Revenue Report (2018) and the Revenue Control Report (2017). The amounts agreed.
  - b. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Report (2018) and the Revenue Control Report (2017) included the proper number of tax receipts for each year.
3. We selected the only receipt from the State Distribution Transaction Lists (DTL) from 2018 and the only receipt from 2017.
  - a. We compared the amount from the above report to the amount recorded in the Receipt Audit Trail Report (2018) and the Journal Entry Register Report (2017). The amounts agreed.
  - b. We inspected the Receipt Audit Trail Report (2018) and the Journal Entry Register Report (2017) to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Audit Trail Report (2018) and the Journal Entry Register Report (2017) to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We selected a sample (agreed upon) of five receipts from the Muskingum County Detail Expense Report from 2018 and five from 2017.
  - a. We compared the amount from the above report to the amount recorded in the Revenue Report (2018) and the Revenue Control Report (2017). The amounts agreed.

**Property Taxes and Intergovernmental (Continued)**

- b. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) to determine that these receipts were allocated to the proper funds. We found no exceptions.
- c. We inspected the Revenue Report (2018) and the Revenue Control Report (2017) to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

- 1. The prior audit documentation disclosed no debt outstanding as of December 31, 2016.
- 2. We inquired of management and inspected the Receipt Audit Trail (2018), Check Report by Check Number (2018), Journal Entry Register (2017) and the AP Check Listing (2017) for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. There were no new debt issuances, nor any debt payment activity during 2018 or 2017.

**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 Paycor Payroll Journal and:
  - a. We compared the hours and pay rate, or salary recorded in the Paycor Payroll Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account code 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 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
  - 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:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	1/31/2019	1/17/2019	\$58,558	\$58,558
State income taxes	1/15/2019	1/11/2019	\$3,348	\$3,348
Local income tax	1/15/2019	1/11/2019	\$3,556	\$3,556
OPERS retirement	1/30/2019	1/17/2019	\$59,260	\$59,260

### **Payroll Cash Disbursements (Continued)**

4. We 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:
  - 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**

We selected a sample (agreed upon) of ten disbursements from the Check Report by Check Number for the year ended December 31, 2018 and ten from the AP Check Listing for the year ended 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 Check Report by Check Number (2018) and AP Check Listing (2017) 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 § 117-8-02, to the amounts recorded in the Expense Report (2018) and Expense Control Report (2017) for 2018 and 2017, respectively, for the following funds: General, Fischer Literacy, and 21<sup>st</sup> Century Learners. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Report for 2018. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Control Report for 2017 except for the General and 21<sup>st</sup> Century Learners Funds. The Expense Control Report recorded budgeted expenditures for the General Fund of \$9,073,125; however, the appropriation resolutions reflected \$9,015,960. The Expense Control Report recorded budgeted expenditures for the 21<sup>st</sup> Century Learners Fund of \$65,522; however, the appropriation resolutions reflected \$69,769. The Fiscal Officer should periodically compare budgeted amounts recorded in the accounting system to Board approved appropriations. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. Ohio Admin. Code § 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, Building and Automation Funds, as recorded in Expense Report (2018) and Expense Control Report (2017). We observed no funds for which expenditures exceeded appropriations.

### **Other Compliance**

1. Ohio Rev. Code § 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.



### Other Compliance (Continued)

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 policy 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 6, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**MUSKINGUM COUNTY LIBRARY SYSTEM**

**MUSKINGUM 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 18, 2019**