



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

Salem Township Public Library  
Warren County  
535 West Pike Street  
Morrow, Ohio 45152

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Salem Township Public Library (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 Bank Accounts Register Report to the December 31, 2016 balances in the 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 Bank Accounts Register Report to the December 31, 2017 balances in the Bank Accounts Register 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 Bank Account Register. 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 and noted that the investments were not included in the Library's bank reconciliation. 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 Auditor's Portal from 2018 and two from 2017.

- a. We compared the amount from the County Auditor's Portal to the amount recorded in the Bank Accounts Register Report. The amounts agreed.
- b. We inspected the Bank Accounts 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 Bank Accounts 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 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 Bank Accounts Register Report. We noted that the Library recorded property tax receipts at the net amount rather than at the gross amount.
  - b. We inspected the Bank Accounts Register Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Bank Accounts Register Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Bank Accounts Register Report included the proper number of tax receipts for each year.

### **Debt**

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Bank Accounts Register Report 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 and 2018.

### **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 Ledger and:

- a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. 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 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:

<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 (and social security, for employees not enrolled in pension system)	January 31, 2019	January 17, 2019	\$5,361.14	\$5,361.14
State income taxes	January 15, 2019	January 17, 2019	\$951.16	\$951.42 (Includes \$ .28 of interest charged for late filing)
Local income tax – Village of Morrow	January 15, 2019	January 17, 2019	\$400.99	\$400.99
OPERS retirement	January 30, 2019	January 28, 2019	\$9,623.51	\$9,663.68 (Includes \$37.64 Late Report penalty – November 2018 filing and \$2.53 Interest on Employer Obligation)

The Library did not pay State Income taxes and Local Income taxes by the due date.

**Non-Payroll Cash Disbursements**

1. From the Bank Accounts Register report we re-footed checks recorded as General Fund disbursements for *capital outlay* for 2018. We found no exceptions.
2. We selected a sample (agreed upon) of 10 disbursements from the Bank Account Register report for the year ended December 31, 2018 and 10 from 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 Bank Account Register 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. The Library has not integrated budgetary data into the QuickBooks accounting system. The Library did not record the approved appropriations into 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 financial statements. We observed that no funds for which expenditures exceeded appropriations.
3. We inspected QuickBooks records and noted that the Library did not include the Permanent Bequest Fund in their accounting system. 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. 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. Financial information for 2018 and 2017 was filed on October 4, 2019, and November 4, 2019, respectively, which was not within the allotted timeframe. The financial statements did not include the fund balance for the permanent fund as required.

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

February 6, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**SALEM TOWNSHIP PUBLIC LIBRARY**

**WARREN 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  
MARCH 3, 2020**