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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Greenville Public Library
Darke County
520 Sycamore Street
Greenville, Ohio 45331

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Greenville Public Library (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, 2016 and 2015, 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2014 balances in the prior year audited statements. We noted a \$257 variance between the January 1, 2015, and December 31, 2014, total fund balance. We also agreed the January 1, 2016, beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2015, balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Cash Summary by Fund Report. The amounts agreed. The December 31, 2016, reconciliation included an Other Adjusting Factor for \$146.45. There was no support for this adjustment.
4. We confirmed the December 31, 2016, endowment account balance with the Library's financial institution. We found no exceptions. We observed the year-end checking account bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation. We noted a \$682.16 variance between the confirmed amount for the endowment account and the December 31, 2016, balance in the accounting system.

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 selected the reconciling credit (such as a deposit in transit) from the December 31, 2016 bank reconciliation:
 - a. We could not trace the outstanding deposit of \$63,232.22 to the subsequent January or February 2017 bank statement. The outstanding deposit, which was an intergovernmental receipt from Darke County, had already cleared in September 2016. It was determined that the Fiscal Officer initially voided this receipt (#240-2016), then the receipt cleared (#269-2016) and then again the receipt was recorded as outstanding (#300-2016). An adjustment of \$63,232.22 should be made to reverse this entry.
 - b. We agreed the credit amount to the Receipts Register. As noted in step 6a.above, this outstanding credit cleared in September 2016.
7. We inspected the Fund Balance Adjustment Listing to determine whether the Findings for Adjustment identified in the prior audit report, due from the Agency fund, payable to the General fund, were properly posted to the report. We found no exceptions.
8. We tested investments held at December 31, 2016 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 Darke County Vendor Expense Report from 2016 and two from 2015.

- a. We compared the amount from the Darke County Vendor Expense Report to the amount recorded in the Receipt Detail 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 Receipt Detail Report to determine whether it included one PLF receipt per month for 2016 and 2015. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015.
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts did not agree as the Fiscal Officer posted the property tax receipts at net rather than the gross amount received. For the first half 2016 settlement tested, the Fiscal Officer recorded the \$203,343.24 net amount rather than the \$207,779.35 gross amount; the variance was \$4,436.11. For the second half 2015 settlement tested, the Fiscal Officer recorded the \$160,204.44 net amount rather than the \$164,009.44 gross amount; the variance was \$3,805.00.
 - b. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the 2016 and 2015 Receipt Detail Report to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Receipt Detail Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2016 and 2015. We also selected five receipts from the Darke County Vendor Expense Report from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following loan outstanding as of December 31, 2014. The amount agreed to the Libraries January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
2012 Library Renovation Loan	\$457,625

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of the loan debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to General Fund payments reported in the Payment Register Detail Report. 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 2016 and one payroll check for five employees from 2015 from the 2016 and 2015 Payroll Check Register Report and:

- a. We compared the hours and pay rate, or salary recorded in the Payroll Check Register Report to supporting documentation (timecard and 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 determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. 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 files and minute record 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. Department(s) and fund(s) 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.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to determine whether 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 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	December 9 and December 23, 2016	\$4,023.54	\$4,023.54
State income taxes	January 31, 2017	December 9 and December 23, 2016	\$766.79	\$766.79
Local income tax	February 28, 2017	December 9 and December 23, 2016	\$657.64	\$657.64
School District tax	January 31, 2017	December 9 and December 23, 2016	\$217.23	\$217.23
OPERS retirement	January 30, 2017	January 16, 2017	\$10,182.01	\$10,182.01

4. We haphazardly selected and recomputed one termination payment (unused vacation) using the following information, and agreed the computation to the amount paid as recorded in the Payroll Check Register Report:
 - 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. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We noted seven expenditures totaling \$577.19 that were not deemed to be for a proper public purpose. A finding for recovery will be issued. See below.
 - 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. Seven expenditures tested were not supported by invoices (total of \$577.19).
 - 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 Payment Register Detail Report for the year ended December 31, 2016 and 2015 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.
3. We inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 for reimbursements made to the Director and Fiscal Officer and determined whether:
 - a. The disbursements were for a proper public purpose. Two reimbursements tested totaling \$95 were not deemed to be for a proper public purpose because the amount was not supported by documentation in the form of invoices. A finding for recovery will be issued. See below. One additional expenditure (not included in the finding for recovery) was a reimbursement to the Director for a memorial service for an employee that had passed away. The Library should verify that special purchases are approved by the Board prior to being made. The Board should establish a policy that covers services to be provided by the Library in case of an employee's death.
 - 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. Two expenditures (total of \$95) were not supported by invoices.
 - 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.
 - d. Board approval was obtained prior to the reimbursement being issued. Only one of the total twelve reimbursements tested had prior Board approval. All reimbursements to the Fiscal Officer and Director should be approved by the Board prior to reimbursement being issued.

Finding for Recovery

Ohio Rev. Code Section 149.351(A) states, in part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under

the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The following items were noted that did not have proper supporting documentation and were not deemed to be for a proper public purpose:

Date	Check Number	Vendor	Amount
3/21/16	11387	Montage Café- VISA	\$98.74
3/23/16	11387	Eikenberry's- VISA	\$25.74
3/23/16	11387	Subway- VISA	\$18.50
3/25/16	11387	Papa John's- VISA	\$49.46
5/25/16	11458	Brenda's Beanery	\$168.00
9/29/16	11664	Susi Halley	\$62.75
7/1/15	10887	D'Allesios	\$154.00
2/26/16	11271	Susi Halley	\$35.00
3/31/15	10697	Susi Halley	\$60.00
		Total	\$672.19

Without proper supporting documentation, it is not possible to determine if the expenditures included items that would not be considered a proper public purpose. The Library's failure to maintain adequate support for these expenditures could result in a loss of accountability over the Library's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Susi Halley, Fiscal Officer, authorized these payments. Accordingly, a finding for recovery is hereby jointly and severally issued against Susi Halley and her bonding company Western Surety Company, in the amount of \$672, and in favor of the Library's General Fund. Susi Halley and Western Surety Company shall be liable for such illegal expenditures to the extent that recovery or restitution is not received.

The finding for recovery was repaid under audit.

Compliance – Budgetary

1. We compared total appropriations required by Ohio Admin. Code Section 117-8-02, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General Fund and the Special Revenue Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report for 2015. We noted a variance of \$1,040 between the Appropriation Resolution and the Appropriation Status Report for the General Fund and Special Revenue Fund, respectively, for 2016.
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, 2016 and 2015 for the General and Special Revenue fund, as recorded in the Appropriation Status Report.

We noted that Special Revenue Fund expenditures for 2016 exceeded total appropriations by \$1,040, contrary to Ohio Admin. Code Section 117-8-02. The Fiscal Officer should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations if necessary and if resources are available.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Entity filed their financial information within the allotted timeframe for the years ended December 31, 2016 and 2015. No exceptions noted.

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.



Dave Yost
Auditor of State

Columbus, Ohio

April 26, 2017

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GREENVILLE PUBLIC LIBRARY

DARKE 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
MAY 16, 2017**