



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Grafton-Midview Public Library
Lorain County
983 Main Street
Grafton, Ohio 44044

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Grafton-Midview Public Library, Lorain 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, 2017 and 2016 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, 2017 and 2016 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the YTD Bank Report to the December 31, 2015 balances in the prior year audited statements. The January 1, 2016 balance in the YTD Bank Report was \$1,356 less than in the December 31, 2015 bank balance. The variance is due to an error noted in the prior audit and corrected to the beginning fund balance for 2016. We also agreed the January 1, 2017 beginning fund balances recorded in the YTD Bank Report to the December 31, 2016 balances in the YTD Bank Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and December 31, 2016 fund cash balances reported in the YTD Bank Report. The amounts agreed.
4. We confirmed the December 31, 2017 Hendrix Endowment account with the Library's financial institution. We found no exceptions. We observed the other year-end bank balances on the financial institutions' websites for all other accounts. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.

Cash and Investments (continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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, 2017 and 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 haphazardly selected two Public Library Fund (PLF) receipts from the County Public Library Fund Distribution Report from 2017 and two from 2016.

- a. We compared the amount from the County Public Library Fund Distribution Report to the amount recorded in the Detail Revenue Transactions by Fund Report. The amounts agreed.
- b. We inspected the Detail Revenue Transactions by Fund Report and observed these receipts were posted to the General Fund. We found no exceptions.
- c. We inspected the Detail Revenue Transactions by Fund Report and observed the receipts were recorded in the proper year. We found no exceptions.
- d. We inspected the Detail Revenue Transactions by Fund Report to determine whether it included one PLF receipt per month for 2017 and 2016. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* for 2017 and one from 2016:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Detail Revenue Transactions by Fund Report. The amounts agreed.
 - b. We inspected the Detail Revenue Transactions by Fund Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Detail Revenue Transactions by Fund Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Detail Revenue Transactions by Fund Report included the proper number of tax receipts for each year.
3. We tested all three receipts from the State Distribution Transaction Lists (DTL) from 2017 and the only receipt from 2016:
 - a. We compared the amount from the above reports to the amount recorded in the Detail Revenue Transactions by Fund Report. The amounts agreed.
 - b. We inspected the Detail Revenue Transactions by Fund Report to determine that these receipts were allocated to the proper fund. We found no exceptions.
 - c. We inspected the Detail Revenue Transactions by Fund Report 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, 2015.
2. We inquired of management, and inspected the Detail Revenue Transactions by Fund Report and Detail Expense Transactions by Fund Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances or any debt payment activity during 2017 or 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Payroll Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the respective pay period's Payroll Preview Report 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. All employees are paid out of the same account code within the General Fund. 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 employee 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, 2017 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 2017. We observed the following:

| Withholding (plus employer share, where applicable) | <u>Date Due</u> | <u>Date Paid</u> | <u>Amount Due</u> | <u>Amount Paid</u> |
|---|------------------------|-------------------------|------------------------------|-------------------------------|
| Federal income taxes & Medicare (and social security, for employees not enrolled in pension system) | January 31, 2018 | December 21, 2017 | \$2,509.67 | \$2,509.67 |
| State income taxes | January 15, 2018 | December 21, 2017 | 500.58 | 500.58 |
| Local Tax | January 15, 2018 | December 21, 2017 | 383.67 | 383.67 |
| OPERS retirement | January 30, 2018 | December 22, 2017 | 3,740.85 | 3,740.85 |

Payroll Cash Disbursements (continued)

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 Employee ADP Earning Statement:
 - 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 Complete Check Report for the year ended December 31, 2017 and ten from the year ended December 31, 2016 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 Complete Check 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 YTD Current Expense Report by Fund for 2017 and 2016 for the following funds: General Fund, Hendrix Revenue Fund, and Building Fund. The amounts on the appropriation resolutions did not agree to the amounts recorded in the YTD Current Expense Report by Fund for the General Fund, Hendrix Revenue Fund, and Building Fund for 2017 and the General Fund and Hendrix Revenue Fund for 2016. The Library should ensure all appropriation amendments are approved by the Trustees and 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, 2017 and 2016 for the General Fund, Hendrix Revenue Fund and Building Fund, as recorded in the YTD Current Expense Report by Fund. We observed that Hendrix Revenue Fund expenditures exceeded appropriations by \$529 in 2016, contrary to Ohio Admin. Code Section 117-8-02. The Fiscal Officer should deny payment requests exceeding appropriations or request the Trustees to approve increased expenditure levels by increasing appropriations if necessary and if resources are available.
3. We inspected the YTD Current Expense Report by Fund for the Hendrix Endowment Fund. Not more than 5% of non-spendable monies were released, spent, or otherwise modified during the engagement period.

Other Compliance

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, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the HINKLE System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Library's deadline where the initial filing was filed on time but incomplete. 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, 2017 in the HINKLE system. The December 31, 2016 financial statements were originally filed on September 3, 2017, but the Library failed to include the notes to the financial statements. The Library refilled the financial statements and notes on July 2, 2018. The deadline for filing complete financial statements for the year ended December 31, 2016 was March 1, 2017.

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, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 12, 2018

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GRAFTON - MIDVIEW PUBLIC LIBRARY

LORAIN 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 8, 2018**