



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

Perry Public Library  
Lake County  
3753 Main Street  
Perry, Ohio 44081

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Perry 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 Cash Summary by Fund 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 Cash Summary by Fund Report to the December 31, 2017 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, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance for one of the Library's financial institutions. We also observed the year-end bank balances on the financial institution's website for all other accounts. The balances agreed. 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 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 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.

### **Cash and Investments (Continued)**

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**

1. We selected two Public Library Fund (PLF) receipts from the County Auditor's DTLs, Local Government Fund Distributions Report from 2018 and two from 2017.
  - a. We compared the amount from the County Auditor's DTLs, Local Government Fund Distributions Report to the amount recorded in the Receipt Ledger Report. The amounts agreed.
  - b. We inspected the Receipt Ledger 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 Receipt Ledger Report to determine whether it included one PLF receipt per month for 2018 and 2017. We found no exceptions.

### **Property Taxes and Intergovernmental Receipts**

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 Receipt Ledger Report. We also traced the advances noted on the Statement to the Receipt Ledger Report. The amounts agreed.
  - b. We inspected the Receipt Ledger Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Ledger Report to determine whether it included two real estate tax receipts plus two advances for 2018 and 2017. The Receipt Ledger Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's DTLs, Local Government Fund Distributions Report from 2018 and five from 2018.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Ledger Report. The amounts agreed.
  - b. We inspected the Receipt Ledger Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Ledger Report to determine whether the receipts were recorded in the proper year. We found one exception where a receipt of \$500 was received in 2017 and posted in 2018.

### **Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2016.

**Debt (Continued)**

2. We inquired of management, and inspected the Receipt Ledger Report and Warrant History 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 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 Earnings Register Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Earnings Register Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance in 2018 where an employee was paid for three hours more than the hours recorded on the timecard resulting in a \$50 overpayment and one instance in 2017 where an employee was paid for four hours more than the hours recorded on the timecard resulting in a \$106 overpayment. We brought this to management's attention, and the Library recovered the overpayment amounts on March 15, 2019. Because we did not compare all timecards, our report provides no assurance whether or not other similar errors occurred.
  - 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 and minute record. 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 minute record 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. Departments and funds 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<br/>(plus employer share,<br/>where applicable)</b> | <b>Date<br/>Due</b> | <b>Date<br/>Paid</b> | <b>Amount<br/>Due</b> | <b>Amount<br/>Paid</b> |
|--|---------------------|----------------------|-----------------------|------------------------|
| Federal income taxes & Medicare                                    | January 31, 2019    | December 31, 2018    | \$1,724.50            | \$1,724.50             |
| State income taxes   | January 15, 2019    | December 31, 2018    | \$1,146.00            | \$1,146.00             |
| Local income tax   | January 15, 2019    | December 30, 2018    | \$1,274.19            | \$1,274.19             |
| OPERS retirement   | January 30, 2019    | December 30, 2018    | \$15,289.74           | \$15,289.74            |

#### **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 Earnings Detail 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, however, we found no payroll taxes were withheld or submitted to various governmental agencies for a \$5,000 portion of the severance payment. Further, the \$5,000 severance payment was not reflected on the employee's W-2 or on a form 1099.

**26 U.S.C.A. § 3402** of the IRS Code states that except as otherwise provided in this section, every employer making payments of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. Further, 26 U.S.C.A. § 3403 states that an employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment. Also, **Ohio Rev. Code § 5747.06(A)** states that except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. We will refer this matter to the Internal Revenue Service and Ohio Department of Taxation.

#### **Non-Payroll Cash Disbursements**

1. We selected a sample (agreed upon) of ten disbursements from the Warrant History Report for the year ended December 31, 2018 and ten 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 Warrant History 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.
2. We inspected the Warrant History Report 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 Status Report for 2018 and 2017 for the following funds: General, Conner and Permanent Improvement fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
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, Conner and Permanent Improvement fund, as recorded in the Appropriation Status Report. We observed that no funds for which expenditures exceeded appropriations.

### **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. There were no exceptions.
2. For all credit card accounts we obtained: copies of existing internal control policies, a list(s) 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.The Library did not establish the policy until March 14, 2019.
  - 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.

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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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 24, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**PERRY PUBLIC 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  
JULY 9, 2019**