



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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

The Orwell Library Association  
(dba Grand Valley Public Library)  
Ashtabula County  
P.O. Box 188  
Orwell, Ohio 44076

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of The Orwell Library Association dba Grand Valley Public Library (the Association) on the receipts, disbursements and balances recorded in the Association'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 Association. The Association 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 District. 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 Fund Ledger Report to the December 31, 2016 balances in the prior year 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 Fund Ledger Report to the December 31, 2017 balances in the Fund Ledger 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 balances with the Association'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 (agree-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 selected the only reconciling credit (such as deposits in transit) from the December 31, 2018 bank reconciliation. We found the reconciling credit was a duplicate receipt from September 25, 2018 for \$9 and was still on the reconciliation as of the February 2019 bank reconciliation. We brought this to management's attention and the Fiscal Officer will correct the amount in the subsequent reconciliation.
7. We traced interbank account transfers occurring in December of 2018 and 2017 to the accounting records and reconciliations to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
  - a. Were of a type allowable. 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 Funds Receipts**

We selected a sample (agreed-upon) of two Public Library Funds (PLF) receipts from the County Auditor's Distribution Transaction Lists (DTL) from 2018 and two from 2017.

- a. We compared the amount from the County Auditor's DTL to the amount recorded in the Revenue Ledger. The amounts agreed.
- b. We inspected the Revenue Ledger to confirm whether the receipts were recorded in the proper year. We found no exceptions.
- c. We inspected the Revenue Ledger to determine whether it included one PLF receipt per month for 2018 and 2017. We found no exceptions.

#### **Intergovernmental and Other Confirmable Cash Receipts**

1. 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 DTL from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger. The amounts agreed.
  - b. We inspected the Revenue Ledger to confirm whether these receipts were allocated to the proper fund. We found no exceptions.
  - c. We inspected the Revenue Ledger to confirm whether the receipts were recorded in the proper year. We found no exceptions.

2. We confirmed the amounts paid from Ashtabula County to the Association during 2018 and 2017 with Ashtabula County. We found the following exception:

While confirming the amounts paid to the Association, we observed Ashtabula County paid levy proceeds directly to the Association. The proceeds collected pursuant to an Association levy under Ohio Rev. Code 5705.23 are required to be passed through the taxing authority (The Grand Valley Local School District) before being paid to the Association. The Association should notify the School District and County as to the proper distribution procedure for the levy proceeds. We noted the distributions were corrected for the second half of 2018 distributions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following note was outstanding as of December 31, 2016. This amount agreed to the Association's January 1, 2017 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2016:</b>
K and J Properties, Inc. Promissory Note	\$108,000

2. We inquired of management, and inspected the Revenue Ledger and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of note debt activity for 2018 and 2017 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 payments were due to the date the Association made the payments. We found no exceptions.

**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 Employee Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). 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 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 2018. We noted 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	January 31, 2019	December 28, 2018	\$4,980.33	\$4,980.33
State income taxes	January 15, 2019	January 14, 2019	\$1,082.03	\$1,082.03
Local income tax	January 15, 2019	December 28, 2018	\$809.71	\$809.71
OPERS Retirement	January 30, 2019	January 18, 2019	\$5,248.73	\$5,248.73

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

We selected a sample (agreed-upon) of ten disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and ten from the year ended December 31, 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 Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires association 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 Association 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
    - i. Each transaction was supported with original invoices and for a proper public purpose.

We found two transactions tested did not include a receipt for the purchases. In addition, two transactions incurred late fees totaling \$79 on the credit card statements which are not a proper public purpose and not permitted in the credit card policy. The Association should retain supporting receipts for all disbursements to demonstrate they are for a proper public purpose and were recorded in the appropriate fund and account. Payments for credit card transactions should also be made timely to prevent late fees and interest. Because we did not test all credit card transactions, our report provides no assurance whether or not similar errors occurred.

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 Association'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 Association'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

September 6, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**THE ORWELL LIBRARY ASSOCIATION DBA GRAND VALLEY PUBLIC LIBRARY**

**ASHTABULA 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  
SEPTEMBER 24, 2019**