

CARDINGTON-LINCOLN PUBLIC LIBRARY

MORROW COUNTY

**JANUARY 1, 2010 TO DECEMBER 31, 2011
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Board of Trustees
Cardington-Lincoln Public Library
128 East Main Street
Cardington, Ohio 43315

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Cardington-Lincoln Public Library, Morrow County, prepared by Holbrook & Manter, for the period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cardington-Lincoln Public Library is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 2, 2012



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Cardington-Lincoln Public Library
128 East Main Street
Cardington, Ohio 43315

We have performed the procedures enumerated below, to which the management of the Cardington-Lincoln Public Library (the Library) agreed, solely to assist the Board of Trustees (the Board) in evaluating receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2011 and 2010, 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.

Cash

1. We tested the mathematical accuracy of the December 31, 2011 and 2010 bank reconciliations.
 - o No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2009 balances in the prior year agreed upon procedure working papers.
 - o We found no exceptions when agreeing the current year beginning balances to the prior year agreed upon procedure working papers.
3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2011 and 2010 cash balances reported in the Fund Ledger Reports.
 - o The amounts agreed from the bank reconciliation to the Fund Ledger Report.

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Cash (continued)

4. We confirmed the December 31, 2011 and 2010 bank account balances with the Library's financial institutions and agreed the confirmed amounts to the corresponding amounts in the bank reconciliations noted in Cash Step 3.
 - The confirmed balances agreed to those amounts within the bank reconciliation, and no exceptions were noted.
5. We selected five outstanding checks haphazardly from the December 31, 2011 bank reconciliation and traced to the corresponding January 2012 bank statement showing timely clearing and traced the check's attributes per the cancelled check to the check register to verify checks were dated on or prior to December 31, 2011, as well as proper recording of checks within the check register.
 - We found no exceptions when testing the outstanding checks.
6. We tested investments held at December 31, 2011 and December 2010 to determine if they were a type of investment authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144 and matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
 - We found no exceptions when testing the investments held at December 31, 2011 and 2010.

State Library and Local Government Support Receipts

1. We selected two (from each stated year) State Library and Local Government Support (LLGS) receipts from the Morrow County Auditor Vendor Audit Trail Report from 2011 and 2010 and compared the amounts to the amount recorded in the revenue ledger prepared by the Library.
 - a. We determined whether these receipts were posted to the General Fund.
 - b. We determined whether the receipts selected in the State Library and Local Government Support Receivables Step 1 were recorded in the proper year.
 - c. We examined the revenue ledger to determine whether it included one LLGS receipt per month for 2011 and 2010.
 - d. We haphazardly selected two (from each stated year, if applicable) grant receipts from the revenue ledger and traced to supporting grant documentation and supporting deposit detail and corresponding bank statement.
 - We found no exceptions during our testing of the receipts.

Debt

1. From the prior agreed upon procedures documentation, we did not note any debt outstanding as of December 31, 2009; however, through discussion with management the following capital lease was determined to be outstanding as of December 31, 2009. This amount agreed to the Library's January 1, 2010 balance on the summary we used in Step 3.

Issue	Principal outstanding as of December 31, 2009:
Capital Lease - Copier	\$ 5,669.91

2. We inquired of management, and scanned the receipt register and payment register for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 and 2010.
 - o We noted no new debt issuances, nor any other debt payment as noted in Step 1 during 2011 and 2010.
3. We obtained a summary of capital lease activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedule to loan documentation and payments reported in the payment register.
 - o We found no exceptions during our testing of debt.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the payroll register and compared the hours and pay rate, or salary recorded in the payroll register to supporting documentation (time card, approved rates within budgets and Trustee minutes). We recomputed gross and net pay and agreed it to the amount recorded in the payroll register and check voucher. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the personnel files. We also determined whether the payment was posted to the proper year.
 - o We found no exceptions during our testing of payroll cash disbursements.
2. For any new employees selected in Step 1 we determined whether the following information in the employee's personnel files was consistent with the information used to compute gross and net pay related to this check.
 - Name
 - Authorized salary or pay rate
 - Department(s) and fund(s) to which the check should be charged
 - Retirement system participation and payroll withholding
 - Federal, State and Local income tax withholding authorization and withholding
 - Any other deduction authorizations (deferred compensation, etc.)

Payroll Cash Disbursements (continued)

- We found no exceptions to the steps above, except one W-4 was not maintained for one employee; however, the payroll register did disclose proper state withholdings for this employee. We recommend all documentation to support wages paid and deductions withheld be maintained within the personnel files.

Management’s response: The noted employee retired in 2009 and was rehired in 2010. Management was verbally notified by the employee to keep withholding consistent with past files. Management distributes current W-4 forms annually to all staff. If a change is desired, the form is completed and returned to management.

3. We scanned the last remittance of tax and retirement withholding for the year ended December 31, 2011 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 for 2011. We noted the following:

Withholding (Plus employer share where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income tax & Medicare	January 31, 2012	January 13, 2012	\$ 2,111.85	\$ 2,111.85
State income taxes	January 15, 2012	January 24, 2012	\$ 836.18	\$ 836.18
Local income taxes	January 31, 2012	January 23, 2012	\$ 348.87	\$ 348.87
Local income taxes	January 31, 2012	January 24, 2012	\$ 82.95	\$ 82.95
OPERS retirement	January 30, 2012	January 12, 2012	\$ 2,111.85	\$ 2,111.85

4. We haphazardly selected and recomputed one termination payments (unused vacation and sick leave) using the accumulated leave records, employee’s pay rate in effect as of the termination date and the Library’s payout policy and agreed the computation to the amount paid as recorded in the payroll register.
 - No exceptions noted. The amount paid was consistent with the information recorded in the noted documents above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from each of the general ledger detail reports for the years ended December 31, 2011 and 2010 and determined whether:
2.
 - a. The disbursements were for a public, proper purpose.
 - 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 ledger and to the names and amounts on the supporting invoices.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund’s cash can be used.

Non-Payroll Cash Disbursements (continued)

- d. We will determine that the payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used for disbursements tested in Non-Payroll Cash Disbursements Step 1. No restrictions were noted for 2011 and 2010.
 - o No exceptions were noted during our testing of the non-payroll disbursements with regards to the attributes noted above and we noted that only one fund (General Fund) applied to 2011 and 2010.

Compliance-Budgetary

1. We compared total appropriations required by Ohio Admin. Code Section 117-8-02, to the amounts recorded in the internal budget for 2011 and 2010 for the General fund.
 - o We noted that one fund (General Fund) applied to 2011 and 2010. The 2011 appropriation resolution did not agree to the Library's internal budget. No amendments to the original appropriation resolution were noted for 2011. No exceptions were noted for 2010.

Management's response: In the time that passed between the approval of the 2011 appropriation resolution and the Library's internal budget more information was known as to the expected Library expenses for 2011 and these adjustments were made to the internal budget. The Library Board of Trustees approved by resolution #11-15, #11-16, and #11-17 the changes to the appropriation, however an amended 2011 appropriation form was not created and delivered to the County Auditor. Management will record amendments internally and externally in future reporting periods.

2. Ohio Admin. Code Section 117-8-02 prohibits spending in excess of budgeted amounts. We compared total expenditures to total budget for the years ended December 31, 2011 and 2010 to ensure that no excess spending occurred.
 - o We noted that expenditures for 2010 exceeded total appropriations by \$5,957, contrary to Ohio Admin. Code Section 117-8-02. The Fiscal Officer should deny payment requests exceeding appropriations. The treasurer may request the Trustees to approve increased expenditure levels by increasing appropriations if necessary and if resources are available. No other exceptions were noted.

Management's response: In June 2010 the lower level meeting room of the Library flooded when the sump pump and backup systems both failed. The expense to remediate and remodel the room had not been budgeted due to the nature of the occurrence. The Library Board of Trustees approved by resolution #10-20 and #10-23 the expense to remediate and remodel the room however an amended 2010

Compliance-Budgetary (continued)


appropriation form was not created and delivered to the county auditor. The internal budget also was not amended. Management will record amendments internally and externally in future reporting periods.

Compliance-Contracts and Expenditures

1. We inquired of management and examined the general ledger detail reports for the years ended December 31, 2011 and 2010 for procurements requiring competitive bidding to construct, demolish, alter, repair or reconstruct a library or make any improvements or repairs, the cost of which exceeded \$25,000, except in cases of urgent necessity or for the security and protection of library property (Ohio Revised Code Section 3375.41).
 - o No contract or expenditure costs exceeding \$25,000 noted for 2011 and 2010.

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 preformed 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, the Auditor of State, and others within the Library, and is not intended to be, and should not be used by anyone other than these specified parties.



Certified Public Accountants

June 15, 2012



Dave Yost • Auditor of State

CARDINGTON-LINCOLN PUBLIC LIBRARY

MORROW 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
OCTOBER 16, 2012