



Dave Yost • Auditor of State

MORLEY LIBRARY
LAKE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Morley Library
Lake County
184 Phelps Street
Painesville, Ohio 44077

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Morley 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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Treasurer's Report to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Treasurer's Report to the December 31, 2011 balances in the Treasurer's Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Treasurer's Reports. The amounts agreed.
4. We confirmed three of the December 31, 2012 bank account balances with the District's financial institutions. We found no exceptions. Also, we observed 11 of the year-end bank balances on the financial institutions' website. The balance agreed. We also agreed the confirmed and observed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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.

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6. We tested investments held at December 31, 2012 and December 31, 2011 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.

State Library and Local Government Support Receipts

We selected two State Library and Local Government Support (LLGS) receipts from the County Local Government Fund Support Distributions List from 2012 and two from 2011.

- a. We compared the amount from the County Local Government Fund Support Distributions List to the amount recorded in the Cash Receipts Journal. 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 Cash Receipts Journal to determine whether it included one LLGS receipt per month for 2012 and 2011. We found no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Cash Receipts Journal. We also traced the advances noted on the Statement to the Cash Receipts Journal. The amounts agreed.
 - b. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Cash Receipts Journal to determine whether it included two real estate tax receipts, plus one advance for 2012 and two advances for 2011. We noted the Cash Receipts Journal included the proper number of tax receipts for each year.
3. We selected the three receipts from the State Distribution Transaction Lists (DTL) from 2012 and the four from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Cash Receipts Journal. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2012 and 10 over-the-counter cash receipts from the year ended 2011 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Cash Receipts Journal. The amounts agreed.
- b. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we noted the following **bond** outstanding as of December 31, 2012. This amount agreed to the Libraries January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
2002 Library Construction and Improvement Bond	\$7,555,000

2. We inquired of management, and scanned the Cash Receipts Journal and Appropriation Journal for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted the Library issued Library Refunding Bonds in the amount of \$6,140,000 in 2012.
3. We obtained a summary of bonded debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to Debt Service Fund payments reported in the Appropriation Journal. We also compared the date the debt service payments were due to the date the Library made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Refinancing Proceeds Fund per the Cash Receipts Journal. The amounts agreed.
5. For new debt issued during 2012, we inspected the debt legislation, noting the Library must use the proceeds to refinance the remaining principal balance on the 2002 Library Construction and Improvement Bond issue. We scanned the Appropriation Journal and noted the Library used the proceeds to refund the 2002 issue.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the ADP Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the ADP Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. 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 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 file 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 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 steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	December 18, 2012	\$5,669.47	\$5,669.47
State income taxes	January 15, 2013	December 18, 2012	\$1,009.71	\$1,009.71
Local income tax	January 15, 2013	December 18, 2012	\$911.72	\$911.72
OPERS retirement	January 31, 2013	December 18, 2012	\$13,657.05	\$13,657.05

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 ADP Payroll Register:
 - 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. From the Appropriation Journal, we re-footed checks recorded as General Fund *salaries*, and checks recorded as *purchased and contractual services* in the Building Fund for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Appropriation Journal for the year ended December 31, 2012 and ten from the year ended 2011 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 Appropriation Journal 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 Appropriation Journal for 2012 and 2011 for the following funds: The General Fund and Grant Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Journal.
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, 2012 and

2011 for the General Fund and Grant Fund, as recorded in the Appropriation Journal. We noted no funds for which expenditures exceeded appropriations.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

July 22, 2013

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MORLEY 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
AUGUST 6, 2013