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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Alger Public Library of the
Upper Scioto Valley School District
Hardin County
P.O. Box 18
100 Wagner St
Alger, Ohio 45810

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Alger Public Library of the Upper Scioto Valley School District, Hardin County (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, 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. The Library processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to provide attest services to the Library because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2009 balances documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Library's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.

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Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 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.

We noted that on the December 31, 2011 bank reconciliation there was other adjusting factors of negative \$460.11 and on the December 31, 2010 bank reconciliation there were other adjusting factors of negative \$656.81 which were not supported.

Other adjusting factors that lack supporting documentation could be the indication of undetected errors and/or irregularities.

The Library should investigate and identify the source of these variances and take the appropriate action to eliminate them from the reconciliations. The Library minutes should document how these unsupported reconciling items were resolved.

6. We selected three reconciling credits (such as deposits in transit) haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2011 and December 31, 2010 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 Hardin County Vendor History and two receipts from the Logan County Vendor History from 2011 and two from 2010.

- a. We compared the amount from the County Vendor History Reports to the amount recorded in the Receipt Register Report. 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 Receipt Register Report to determine whether it included one LLGS receipt per month for 2011 and 2010. We found no exceptions.

Other Confirmable Cash Receipts

1. We confirmed the amount paid from the Upper Scioto Wind Energy Academy to the Library during 2010 with the Academy. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2009.
2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. We noted no new debt issuances, nor any debt payment activity during 2011 or 2010.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for four employees from 2011 and one payroll check for four employees from 2010 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions in 2010.

In 2011 we noted the Board approved a pay increase on January 25, 2011 for the Director, Kathy Herfurth, from \$10.40/hr to \$10.50/hr. The Board erroneously approved these rates. The rates that should have been approved were to increase from \$11.40/hr to \$11.50/hr. The Board on 2/28/12 retroactively approved the Director's pay rate from \$11.40/hr to \$11.50/hr.

Pay rate errors in the minutes could result in employee disputes or findings for recovery for the overpayment of wages.

The Board should carefully review the content of the prior minutes before approving as presented.

- 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 minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings 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 of 2011. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2012	December 31, 2011	\$289.67	\$298.67
State income taxes	January 15, 2012	December 31, 2011	\$92.85	\$92.85
Village of Alger	January 20, 2012	December 31, 2011	\$72.70	\$72.70
USV – School Tax	January 17, 2012	December 31, 2011	\$36.34	\$36.34
OPERS retirement	January 30, 2012	December 31, 2011	\$566.11	\$808.94

The Library underpaid their November 2011 OPERS monthly withholding by \$242.83. Therefore, the Library paid the underpayment related to November 2011 along with their December 2011 OPERS monthly withholding in December 2011.

The underpayment of required withholdings could result in penalties and interest being assessed on the unpaid balances.

The Board should include the remittance of monthly payroll withholdings as part of their monitoring of financial activity.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended 2010 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.
 - 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 Status Report for 2011 and 2010 for the following fund: General fund. For 2011, the amount recorded in the Appropriation Status Report of \$68,928 did not agree to the amount recorded on the appropriation resolution and amendments throughout the year of \$70,958. For 2010, the amount recorded in the Appropriation Status Report of \$69,975 did not agree to the amount recorded on the appropriation resolution of \$63,075.

Errors in the recording of appropriations in the accounting records could result in the expenditure of money that was not intended by the Board.

The Board should periodically compare approved appropriations to the amounts recording in the accounting records.

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, 2011 and 2010 for the General fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report 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 Rev. Code Section 3375.41).

We identified no purchases subject to the aforementioned bidding requirements.

OFFICIALS' RESPONSE:

Cash and Investments - Item #5 - Unsupported Bank Reconciliation

The library Fiscal Officer, Kathleen Bickel, is working with the UAN traveling clerk to identify the source of these variances. We believe them to be the result of internet transactions or a software posting error. The resolution of the variances shall be recorded in the library minutes.

OFFICIALS' RESPONSE: (Continued)

Payroll Cash Disbursements - Item # 1(a) - Pay Rate Approvals

The Board of Trustees approved the minutes in error for the pay increase in question. However, the proper rate was paid to the employee and there was no need for further action to correct the error, except to approve the corrected rate at our February 28, 2012 meeting. The Board will carefully review the minutes before approval in the future. There was no employee dispute or findings for recovery.

Payroll Cash Disbursements - Item # 2 - OPERS underpayment

The underpayment mentioned appeared in the monthly financial statement as a complete payment. However, the internet payment activity only accepted a portion of the payment. The Fiscal Officer then paid the balance of \$242.83 in December without any penalties or interest.

We did not receive a response from Officials to the exception to Compliance - Budgetary Item #1

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.



Dave Yost
Auditor Signature

April 25, 2012

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ALGER PUBLIC LIBRARY OF UPPER SCIOTO VALLEY SCHOOL DISTRICT

HARDIN 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 05, 2012**