



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Loudonville Public Library
Ashland County
122 East Main Street,
Loudonville, Ohio 44842

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Loudonville Public Library, Ashland County, Ohio, (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 Statement of Cash Position to the December 31, 2010 balances in the prior year Statement of Cash Position. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Statement of Cash Position to the December 31, 2011 balances in the Statement of Cash Position. 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 Statement of Cash Position. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.

Cash and Investments (Continued)

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.
6. We selected the two reconciling credits (such as deposits in transit) from the December 31, 2012 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 Revenue Audit Trail Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfers occurring in December of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. 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 Public Library Fund (PLF) receipts from the County Distribution Transaction Lists from 2012 and two from 2011.

- a. We compared the amount from the County Distribution Transaction Lists to the amount recorded in the Revenue Audit Trail 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 Revenue Audit Trail Report to determine whether it included one PLF receipt per month for 2012 and 2011. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

We selected five receipts from the County Auditor's Distribution Transaction Lists (DTLs) from 2012 and five from 2011.

- a. We compared the amount from the above report to the amount recorded in the Revenue Audit Trail. The amounts agreed.
- b. We determined whether these receipts were allocated to the proper fund. 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

1. 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 December 31, 2011 recorded in the Revenue Audit Trail and determined whether the:

- a. Amount charged complied with rates in force during the audit period.

We noted 2 receipts in 2012 and 4 receipts in 2011 which were for payments of library fines and fees. However, we were unable to determine whether the amounts charged were in accordance with the Library's fine and fee schedule because the Library no longer had access to the daily receipt information for those days selected. Management indicated they changed their front desk receipt system during 2012 and were unable to recover the detail information for receipts received prior to the new system's implementation.

Ohio Rev. Code Section 149.351 indicates "All records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code..." Management should implement policies and procedures to ensure all pertinent documents are properly safeguarded and available for inspection upon request. When switching or upgrading to new software the Library should ensure that all data files and related information are backed up and maintained for future access. Finally, to help reduce the risk of errors, omissions and loss of public funds pre-numbered duplicate receipts should be issued for all receipts collected by the Library.

- b. Receipt was posted to the proper fund, and was recorded in the proper year. We noted the Library received fines and fees in the totaling \$150 during the period of December 29, 2011 through December 31, 2011. However these amounts were not posted to the Library accounting system until January 3, 2012 resulting in the amount being recorded in 2012 rather than 2011. We brought this to management's attention. However, because we did not test all receipts, our report provides no assurance regarding whether or not other similar errors occurred. The library should deposit and receipt into the accounting system all monies received on or before year-end to ensure that it is recorded in the proper year. No money received prior to year end should be recorded in the subsequent year.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following Lease Purchase Agreement outstanding as of December 31, 2010. This amount agreed to the Library's January 1, 2011 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2010:</u>
Lease Purchase Agreement - Construction and Renovation Project	\$73,374.82

2. We inquired of management, and scanned the Revenue Audit Trail and Check Report by Check Number for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 1.

Debt (Continued)

3. We obtained a summary of the Lease Purchase Agreement debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to the Permanent Improvement Fund payments reported in the Expense Audit Trail. We also compared the date the debt service payments were due to the date the Library made the payments. We found no exceptions.

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 Payroll History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll History Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and payroll budget in the minutes 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, 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)	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Due</u>	<u>Amount Paid</u>
Federal income taxes & Medicare	January 31, 2013	December 31, 2012	\$1,971.65	\$1,971.65
State income taxes	January 15, 2013	January 4, 2013	379.58	379.58
Local income tax	January 15, 2013	January 15, 2013	1,323.52	1,323.52
OPERS retirement	January 30, 2013	January 8, 2013	2,225.37	2,225.37

3. 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 Payroll History 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.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Expense Audit Trail for the year ended December 31, 2012 and ten from the year ended December 31, 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 Expense Audit Trail 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 Expense Account Report for 2012 and 2011 for the following funds: General Fund and Young Book Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Expense Account Report.
2. 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 Young Book Fund, as recorded in the Expense Account Report. 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.



Dave Yost
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March 25, 2013

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LOUDONVILLE PUBLIC LIBRARY

ASHLAND 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
MAY 9, 2013