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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Northwest Regional Library System
Wood County
181 ½ South Main Street
Bowling Green, Ohio 43402

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Northwest Regional Library System, Wood County, Ohio (NORWELD), agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended June 30, 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 June 30, 2012 and June 30, 2011 bank reconciliations. We found no exceptions.
2. We agreed the July 1, 2010 beginning fund balances recorded in the Cash Journal to the June 30, 2010 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the June 30, 2012 and 2011 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the June 30, 2012 bank account balances with NORWELD's financial institutions. We found no exceptions. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the June 30, 2012 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the June 30, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent July bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the cash journal, to determine the debits were dated prior to June 30. We noted no exceptions.
6. We tested interbank account transfers occurring in June of 2012 and 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

7. We tested investments held at June 30, 2012 and June 30, 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.

Intergovernmental Cash Receipts

We selected all receipts from the State Distribution Transaction Lists (DTL) from 2011 and two receipts from 2010.

- a. We compared the amount from the above report to the amount recorded in the Receipts Ledger. 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

We haphazardly selected 10 over-the-counter cash receipts from the year ended June 30, 2012 and 10 over-the-counter cash receipts from the year ended June 30, 2011 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Ledger. The amounts agreed.
- b. Amount charged complied with rates in force during the audit period. We found no exceptions.
- c. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of June 30, 2010.
2. We inquired of management, and scanned the Cash Journal for evidence of debt issued during fiscal years 2012 or 2011 or debt payment activity during fiscal years 2012 or 2011. We noted no new debt issuances or any debt payment activity during fiscal years 2012 or 2011.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from fiscal year 2012 and one payroll check for five employees from fiscal year 2011 from the Individual Payroll Sheets and:
 - a. We compared the hours and pay rate, or salary recorded in the Individual Payroll Sheets to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.

- c. We determined whether the fund and account code 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 files 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(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State and 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 fiscal year ended June 30, 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 fiscal year 2012. We noted the following:

| Withholding (plus employer share, where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|--|-----------------|------------------|-------------------|--------------------|
| Federal income taxes and Medicare | July 31, 2012 | July 5, 2012 | \$5,694.48 | \$5,694.48 |
| State income taxes | July 15, 2012 | July 20, 2012 | 362.40 | 362.40 |
| Local income tax | July 31, 2012 | June 22, 2012 | 722.64 | 722.64 |
| OPERS retirement | July 31, 2012 | July 12, 2012 | 2,890.42 | 2,890.42 |

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 Individual Payroll Sheet:
- 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 Appropriations Ledger, we re-footed checks recorded as General Fund *professional fees, workshops and other*; and checks recorded as *salaries* in the Special Revenue fund for fiscal year 2012. We found no exceptions
2. We haphazardly selected ten disbursements from the Appropriations Ledger for the year ended June 30, 2012 and ten from the year ended June 30, 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 Appropriations Ledger 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 – Contracts and Expenditures

We inquired of management and scanned the Cash Journal for the fiscal years ended June 30, 2012 and 2011 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.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on NORWELD'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, the Board of Trustees and others within NORWELD, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

November 8, 2012



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NORTHWEST REGIONAL LIBRARY SYSTEM

WOOD 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
DECEMBER 4, 2012**