



Mary Taylor, CPA  
Auditor of State



EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY

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# Mary Taylor, CPA

Auditor of State

East Cleveland Public Library  
Cuyahoga County  
14101 Euclid Avenue  
East Cleveland, Ohio 44112

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

November 22, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

East Cleveland Public Library  
Cuyahoga County  
14101 Euclid Avenue  
East Cleveland, Ohio 44112

To the Board of Trustees:

We have audited the accompanying financial statements of the East Cleveland Public Library, Cuyahoga County, (the Library) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 audit 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 audit and opine on this entity, 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 audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Library has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Library's larger (i.e. major) funds separately. While the Library does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Libraries to reformat their statements. The Library has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of November 22, 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the East Cleveland Public Library, Cuyahoga County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Library has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 22, 2010



**EAST CLEVELAND PUBLIC LIBRARY  
 CUYAHOGA COUNTY  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
 ALL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$992,606	\$0	\$0	\$0	\$992,606
Library and Local Government Support	1,519,891	0	0	0	1,519,891
Intergovernmental	13,787	0	0	0	13,787
Patron Fines and Fees	5,507	0	0	0	5,507
Contributions, Gifts and Donations	109,281	0	0	0	109,281
Earnings on Investments	37,815	0	0	0	37,815
Miscellaneous	19,898	0	0	0	19,898
<b>Total Cash Receipts</b>	<u>2,698,785</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>2,698,785</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries	1,307,985	0	0	0	1,307,985
Employee Fringe Benefits	556,232	0	0	0	556,232
Purchased and Contractual Services	741,113	0	0	0	741,113
Library Materials and Information	257,549	0	0	0	257,549
Supplies	82,836	0	0	0	82,836
Other	62,805	0	0	0	62,805
Capital Outlay	9,737	0	0	0	9,737
<b>Total Cash Disbursements</b>	<u>3,018,257</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,018,257</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(319,472)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(319,472)</u>
<b>Fund Cash Balance, January 1</b>	<u>566,768</u>	<u>2,938</u>	<u>2,635</u>	<u>3,792</u>	<u>576,133</u>
<b>Fund Cash Balance, December 31</b>	<u>\$ 247,296</u>	<u>\$ 2,938</u>	<u>\$ 2,635</u>	<u>\$ 3,792</u>	<u>\$ 256,661</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$136,363</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$136,363</u>

*The notes to the financial statements are an integral part of this statement*

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$918,270	\$0	\$0	\$0	\$918,270
Library and Local Government Support	1,689,637	0	0	0	1,689,637
Intergovernmental	12,607	0	0	0	12,607
Patron Fines and Fees	8,383	0	0	0	8,383
Contributions, Gifts and Donations	84,894	0	2,515	0	87,409
Earnings on Investments	44,422	0	119	0	44,541
Miscellaneous	21,727	0	0	0	21,727
<b>Total Cash Receipts</b>	<b>2,779,940</b>	<b>0</b>	<b>2,634</b>	<b>0</b>	<b>2,782,574</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries	1,174,933	39,240	0	0	1,214,173
Employee Fringe Benefits	595,195	11,021	0	0	606,216
Purchased and Contractual Services	675,447	0	0	0	675,447
Library Materials and Information	219,372	0	0	0	219,372
Supplies	72,862	4,500	0	0	77,362
Other	160,068	0	0	0	160,068
Capital Outlay	234,581	0	106,529	0	341,110
<b>Total Cash Disbursements</b>	<b>3,132,458</b>	<b>54,761</b>	<b>106,529</b>	<b>0</b>	<b>3,293,748</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(352,518)</b>	<b>(54,761)</b>	<b>(103,895)</b>	<b>0</b>	<b>(511,174)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	0	0	43,165	0	43,165
Transfers-Out	(43,165)	0	0	0	(43,165)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(43,165)</b>	<b>0</b>	<b>43,165</b>	<b>0</b>	<b>0</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(395,683)</b>	<b>(54,761)</b>	<b>(60,730)</b>	<b>0</b>	<b>(511,174)</b>
<b>Fund Cash Balance, January 1</b>	<b>962,451</b>	<b>57,699</b>	<b>63,365</b>	<b>3,792</b>	<b>1,087,307</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 566,768</b>	<b>\$ 2,938</b>	<b>\$ 2,635</b>	<b>\$ 3,792</b>	<b>\$ 576,133</b>

*The notes to the financial statements are an integral part of this statement*

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the East Cleveland Public Library, Cuyahoga County, (the Library) as a body corporate and politic. The East Cleveland City School District Board of Education appoints a seven-member Board of Trustees to govern the Library. The Library provides the community with various educational and literary resources.

The Library's management believes these financial statements present all activities for which the Library is financially accountable.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Library recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Library's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

STAR Ohio is recorded at share values the mutual funds report.

**D. Fund Accounting**

The Library uses fund accounting to segregate cash and investments that are restricted as to use. The Library classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Library had the following significant Special Revenue Fund:

Flewellen Fund – This fund is used to account for the preservation and public display of the Icabod Flewellen collection.

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Library had the following significant Capital Project Fund:

Building and Repair Fund – This fund is used to account for the acquisition and construction of capital facilities.

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Library's programs. The Library had the following significant Permanent Fund:

Putnam Fund – These monies were donated to the Library and are to be used for hospitality supplies.

**E. Budgetary Process**

The Board must annually approve appropriation measures and subsequent amendments. For 2006, appropriations lapse at year end and budgetary expenditures may not exceed appropriations at the fund, function and object level of control.

Beginning in 2007, the Library adopted the encumbrance method of accounting. Unencumbered appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Library records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**2. Equity in Pooled Deposits and Investments**

The Library maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand Deposits	\$233,159	\$241,014
Investments - Star Ohio	23,502	335,119
Total Demand Deposits and Investments	<u>\$256,661</u>	<u>\$576,133</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities existing in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,589,460	\$2,698,785	\$109,325
Special Revenue	20,000	0	(20,000)
Capital Projects	0	0	0
Permanent	0	0	0
Total	<u>\$2,609,460</u>	<u>\$2,698,785</u>	<u>\$89,325</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,810,191	\$3,154,620	\$655,571
Special Revenue	0	0	0
Capital Projects	0	0	0
Permanent	0	0	0
	<u>\$3,810,191</u>	<u>\$3,154,620</u>	<u>\$655,571</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,642,310	\$2,779,940	\$137,630
Special Revenue	0	0	0
Capital Projects	25,000	45,799	20,799
Permanent	0	0	0
Total	<u>\$2,667,310</u>	<u>\$2,825,739</u>	<u>\$158,429</u>

**3. Budgetary Activity (Continued)**

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,636,598	\$3,175,623	\$460,975
Special Revenue	57,699	54,761	2,938
Capital Projects	106,529	106,529	0
Permanent	0	0	0
Total	\$3,800,826	\$3,336,913	\$463,913

**4. Grants-In-Aid and Tax Receipts**

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the Library is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Other Governments' Grants In Aid. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

Property owners assess tangible personal property tax. These owners must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Library.

**5. Retirement System**

The Library's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Library contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Library has paid all contributions required through December 31, 2007.

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**6. Risk Management**

**Commercial Insurance**

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Library also provides health insurance to full-time employees through a private carrier. The Library's liability is limited to the premiums it pays.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

East Cleveland Public Library  
Cuyahoga County  
14101 Euclid Avenue  
East Cleveland, Ohio 44112

To the Board of Trustees:

We have audited the financial statements of the East Cleveland Public Library, Cuyahoga County, (the Library) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 22, 2010, wherein we noted the Library followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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 audit 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 audit and opine on this entity, 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 audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Library's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Library's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Library's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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### **Internal Control Over Financial Reporting (Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Library's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the finding described above, finding number 2007-001 is also a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Library's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated November 22, 2010.

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Library's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Library. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 22, 2010

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2007-001</b>
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**Material Weakness**

Cash balances include cash in bank accounts and other imprest accounts such as payroll. Cash is an asset that is very susceptible to embezzlement and is considered a high risk asset because of its liquidity and its desirability. In order for the cash to be properly monitored and accounted for, most entities perform monthly bank reconciliations. This reconciliation verifies the cash balance per the general ledger agrees to the adjusted balance per the bank statement.

The Library uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. This system includes controls which require the bank and book balances reconcile in order to closeout each month's financial activity. If the balances do not reconcile the system does not allow the user to input the subsequent month's financial activity. Included in the UAN reconciliation is a line for "Other Adjusting Factors". This line is supposed to be used to post all adjustments other than outstanding checks and deposits-in-transit. Adjustments reported in this category are supposed to be properly supported.

A review of the bank reconciliations for the year ended December 31, 2007, disclosed a book balance of \$228,859 and an adjustment in "Other Adjusting Factors" for \$29,941 in order for the system to balance. However, the composition of this adjustment was not identified and supported.

A subsequent review of the financial activity disclosed several checks were either not posted or posted for the incorrect amount, banks fees and interest earnings were not posted, and bank deposits were posted for the incorrect amount. As a result of these errors, the adjusted year end fund balance was \$256,661 instead of the \$228,859 reported. The significant adjustments included increases in the General Fund balance of \$5,881 for over posting of payroll expenditures and \$6,650 for credits not posted. The accompanying financial statements and accounting records reflect the correcting adjustments.

A review of the bank reconciliations for the year ended December 31, 2006, disclosed a book balance of \$605,054 and an adjustment in "Other Adjusting Factors" for \$286,303 in order for the system to balance. However, the composition of this adjustment was not identified and supported.

A subsequent review of the financial activity disclosed several checks were either not posted or posted for the incorrect amount, banks fees and interest earnings were not posted, and bank deposits were posted for the incorrect amount. As a result of these errors, the adjusted year end fund balance was \$576,077 instead of the \$605,054 reported. The significant adjustments included a decrease in the General Fund balance of \$70,462 for checks not posted and an increase in the General Fund balance of \$25,038 for checks posted for the incorrect amounts. The accompanying financial statements and accounting records reflect the correcting adjustments.

These weaknesses resulted in financial statements which did not report the actual fund balances and activity of the Library.

We recommend that monthly reconciliations between the adjusted bank accounts and the treasury be performed and that all adjustments be properly supported. In order to ensure the performance of the reconciliations, we also recommend that either the Director or a Board member review and initial/date the reconciliations.

**EAST CLEVELAND PUBLIC LIBRARY  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>
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<b>2007-001</b>
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**(Continued)**

**Library's Response**

The East Cleveland Public Library's Board of Trustees has reviewed the "Material Weakness" report and has implemented the necessary changes to correct the situation:

- The Executive Director and a Trustee of the Board will review monthly bank reconciliations submitted by the Fiscal Officer.
- All reconciliations will be signed and dated by both the Executive Director and a board member monthly (preferably the chair of Finance).
- All financial reports will be completed and forwarded to the proper authorities on or before due dates.
- Financial statements will reflect actual fund balances and the activity of the Library.

The Board of Trustees finds it in the best interest of the Library to implement these changes, effective November 15, 2010.

**EAST CLEVELAND PUBLIC LIBRARY  
 CUYAHOGA COUNTY  
 SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2007 AND DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	The monthly bank accounts were not reconciled to the general ledger during 2005 and 2004 for periods of up to six months. We also noted that postings to the general ledger were not made for periods of up to 60 days and that two wire transfers to the payroll clearing account were not posted.	No	Repeated as finding 2007-001.

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**Mary Taylor, CPA**  
Auditor of State

**EAST CLEVELAND PUBLIC LIBRARY**

**CUYAHOGA 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 21, 2010**