



Dave Yost • Auditor of State

EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fund Types For the Year Ended December 31, 2008	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	19

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Dave Yost • 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 23, 2011

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Dave Yost • 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, 2009 and 2008. 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.

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, 2009 and 2008 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 February 23, 2011, 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, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 7 to the financial statements, the Library's fund cash balance plus outstanding encumbrances results in a negative unencumbered cash fund balance at year end for 2009 and 2008. Note 7 describes Management's plan regarding this matter. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 February 23, 2011, 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.



Dave Yost
Auditor of State

February 23, 2011

**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, 2009**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$1,271,186	\$0	\$0	\$0	\$1,271,186
Library and Local Government Support	1,366,436	0	0	0	1,366,436
Intergovernmental	271,368	0	0	0	271,368
Patron Fines and Fees	4,039	0	0	0	4,039
Contributions, Gifts and Donations	9,590	0	0	0	9,590
Earnings on Investments	226	0	0	0	226
Miscellaneous	15,108	0	0	0	15,108
Total Cash Receipts	2,937,953	0	0	0	2,937,953
Cash Disbursements:					
Current:					
Salaries	1,622,813	0	0	0	1,622,813
Employee Fringe Benefits	608,779	0	0	0	608,779
Purchased and Contractual Services	544,250	0	0	0	544,250
Library Materials and Information	107,075	0	0	0	107,075
Supplies	44,439	0	0	0	44,439
Other	94,682	0	0	0	94,682
Capital Outlay	18,526	0	0	0	18,526
Total Cash Disbursements	3,040,564	0	0	0	3,040,564
Total Receipts Over/(Under) Disbursements	(102,611)	0	0	0	(102,611)
Fund Cash Balance, January 1	44,917	2,938	2,635	3,792	54,282
Fund Cash Balance, December 31	\$ (57,694)	\$ 2,938	\$ 2,635	\$ 3,792	\$ (48,329)
Reserve for Encumbrances, December 31	\$ 646,947	\$0	\$0	\$0	\$ 646,947

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, 2008**

	<u>All Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	1,360,462	\$0	\$0	\$0	\$1,360,462
Library and Local Government Support	1,662,369	0	0	0	1,662,369
Intergovernmental	212,709	0	0	0	212,709
Patron Fines and Fees	4,491	0	0	0	4,491
Contributions, Gifts and Donations	164,113	0	0	0	164,113
Earnings on Investments	7,035	0	0	0	7,035
Miscellaneous	25,732	0	0	0	25,732
Total Cash Receipts	<u>3,436,911</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,436,911</u>
Cash Disbursements:					
Current:					
Salaries	1,614,035	0	0	0	1,614,035
Employee Fringe Benefits	672,451	0	0	0	672,451
Purchased and Contractual Services	842,751	0	0	0	842,751
Library Materials and Information	208,656	0	0	0	208,656
Supplies	95,421	0	0	0	95,421
Other	99,539	0	0	0	99,539
Capital Outlay	106,437	0	0	0	106,437
Total Cash Disbursements	<u>3,639,290</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,639,290</u>
Total Receipts Over/(Under) Disbursements	<u>(202,379)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(202,379)</u>
Fund Cash Balance, January 1	247,296	2,938	2,635	3,792	256,661
Fund Cash Balance, December 31	<u>\$ 44,917</u>	<u>\$ 2,938</u>	<u>\$ 2,635</u>	<u>\$ 3,792</u>	<u>\$ 54,282</u>
Reserve for Encumbrances, December 31	<u>\$ 251,846</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 251,846</u>

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, 2009 AND 2008**

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's 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 Fund

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, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

This fund accounts 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, construction and repair of capital facilities.

4. 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 Nonexpendable Trust 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. Appropriations lapse at year end. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control.

A summary of 2009 and 2008 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, 2009 AND 2008
(Continued)**

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>2009</u>	<u>2008</u>
Demand Deposits	(\$55,679)	\$17,969
Investments - Star Ohio	7,350	36,313
Total Demand Deposits and Investments	(\$48,329)	\$54,282

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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, 2009 and December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,929,472	\$2,937,953	\$8,481
Special Revenue	0	0	0
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$2,929,472	\$2,937,953	\$8,481

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,053,306	\$3,687,511	(\$634,205)
Special Revenue	0	0	0
Capital Projects	0	0	0
Permanent	0	0	0
	\$3,053,306	\$3,687,511	(\$634,205)

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,241,084	\$3,436,911	\$195,827
Special Revenue	0	0	0
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$3,241,084	\$3,436,911	\$195,827

**EAST CLEVELAND PUBLIC LIBRARY
 CUYAHOGA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008
 (Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,239,509	\$3,891,136	\$348,373
Special Revenue	0	0	0
Capital Projects	0	0	0
Permanent	0	0	0
Total	\$4,239,509	\$3,891,136	\$348,373

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$634,205 for the year ended December 31, 2009.

4. Grants-In-Aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County 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.

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 2009 and 2008, OPERS members contributed 10% respectively, of their gross salaries and the Library contributed an amount equaling 14% respectively, of participants' gross salaries. In January of 2010, the Library paid \$100,342 satisfying its remaining contributions through December 31, 2009.

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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.

7. Possible Financial Distress

As of December 31, 2008, the Library had a cash balance of \$54,282 plus outstanding obligations for goods and services rendered totaling \$251,846. This resulted in a negative \$197,564 unencumbered cash balance at year end. The most significant outstanding obligations included Ingram Library Services for \$27,673, Midwest Tape Exchange for \$12,840, Hartford for \$11,935, Cleveland Public Library for \$11,080, Anthem BCBS for \$48,331 and Kaiser Permanente for \$13,222. The remaining \$126,765 was owed to various vendors and governmental entities. All outstanding obligations as of year-end were paid by February 27, 2009.

As of December 31, 2009, the Library had a negative cash balance of \$48,329 plus outstanding obligations for goods and services rendered totaling \$646,947. This resulted in a negative \$695,276 unencumbered cash balance at year end. The most significant outstanding obligations include the Ohio Public Employees Retirement System for \$100,342, Cleveland Public Library for \$91,782, Anthem Blue Cross Blue Shield for \$40,000, the Illuminating Company for \$37,376 and Kaiser Permanente for \$34,488. The remaining \$342,959 was owed to various vendors and governmental entities. The Library addressed the situation and negotiated a payment schedule with each entity. All outstanding obligations at year-end were paid by August 31, 2010.

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Dave Yost • 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, 2009 and December 31, 2008, and have issued our report thereon dated February 23, 2011, wherein we commented on the Library's financial distress. We also 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings to be 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated February 23, 2011.

The Library's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

February 23, 2011

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2009-01
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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 only to be used to post all adjustments other than outstanding checks and deposits-in-transit. Adjustments reported in this category are required to be properly supported.

A review of the bank reconciliations for the year ended December 31, 2009, disclosed a book balance of \$34,115 and an adjustment in "Other Adjusting Factors" for \$1,579 and "Deposits In Transit" for \$89,731 in order for the system to balance. However, the composition of this adjustment was not identified and supported. Also the deposit in transit was already received and deposited in December 2009 and should have not been a reconciling item.

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 a negative \$48,329 instead of the positive \$34,115 reported. The significant adjustments included decreases in the General Fund balance of \$80,506 and \$23,574 for salaries and fringe benefits not posted. Also, net property taxes were posted which resulted in an understatement in receipts and disbursements of \$53,687. The accompanying financial statements and accounting records reflect the correcting adjustments.

A review of the bank reconciliations for the year ended December 31, 2008, disclosed a book balance of \$90,473 and an adjustment in "Other Adjusting Factors" for \$39,165 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 \$54,282 instead of the \$90,473 reported. The significant adjustments included a decrease in the General Fund balance of \$64,939 for payroll checks not posted and an increase in the General Fund balance of \$7,100 for checks posted for the incorrect amounts. Also, net property taxes were posted which resulted in an understatement in receipts and disbursements of \$28,908. The accompanying financial statements and accounting records reflect the correcting adjustments.

**EAST CLEVELAND PUBLIC LIBRARY
 CUYAHOGA COUNTY
 SCHEDULE OF FINDINGS
 DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2009-01
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(Continued)

These weaknesses resulted in financial statements which did not report the actual cash 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.

Library's Response

The Board of Trustees has implemented the following changes, effective November 15, 2010, 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.

Finding Number	2009-02
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Material Noncompliance Citation

Ohio Admin. Code 117-8-02 requires the library's legislative body adopt appropriation measures in order to establish the legal level of control and prohibits spending in excess of the budgeted amounts.

The Library utilizes a Certificate of Estimated Resources certified by county auditor as a basis of determining the amounts available for appropriation. The Certificate identifies the unencumbered balance at the beginning of the year as well as the estimated receipts to be collected during the year.

In 2007, the Library adopted the encumbrance method of accounting and appropriations lapse at year end. As a result, when certifying the balances that exist at the beginning of the end of the year, the Library must deduct any funds which have been encumbered for the payment of obligations which are unliquidated and outstanding. This results in an unencumbered balance amount that is available for appropriation.

As of December 31, 2009, the General Fund had appropriations of \$3,053,306 and expenditures plus encumbrances of \$3,687,511. As a result, expenditures plus encumbrances exceeded appropriations by \$634,205. We also noted the appropriation measure is \$123,834 over the Certificate and the unencumbered cash amount reported is \$225,000 but it's actually negative \$269,152, which is \$469,152 less than recorded.

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2009-02
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(Continued)

As of December 31, 2008, we noted the appropriation measure is \$1,034,816 over the Certificate and the unencumbered cash amount reported is \$225,000 but it's actually negative \$102,298, which is \$122,702 less than recorded.

These weaknesses resulted in appropriations exceeding total estimated resources, expenditures plus encumbrances exceeding appropriations, and negative cash and unencumbered cash fund balances.

We recommend the Board adopt procedures to ensure the Certificate of Estimated Resources reflects the correct unencumbered balance amounts. Then, the Board should appropriate amounts which are less than the Certificate. The Board should also compare estimated and actual receipts, as well as, expenditures plus encumbrances with appropriations on a regular basis.

Library's Response

On a regular basis, management and the Board will monitor and compare the Official Certificate of Estimated Resources with actual resources and adjust the Certificate accordingly. Also, the appropriation measures adopted by the Board will be compared to expenditures plus encumbrances to ensure the amount appropriated is not exceeded.

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**EAST CLEVELAND PUBLIC LIBRARY
 CUYAHOGA COUNTY
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2009 AND DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Numerous adjustments had to be made to the accounting records and financial statements from posting errors and others reconciling items that were not detected by the Library when performing the bank reconciliations.	No	Repeated as finding 2009-01.

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Dave Yost • 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
MARCH 17, 2011