



Dave Yost • Auditor of State

EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY

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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

May 29, 2014

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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, Ohio, (the Library) as of and for the years ended December 31, 2011 and 2010. 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 Library's 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, 2011 and 2010 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 May 29, 2014, 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 as of December 31, 2011 and 2010 of the East Cleveland Public Library, Cuyahoga County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Library adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2014, 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 matters. While we did not opine on the internal control over financial reporting or on compliance, that 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

May, 29, 2014

**EAST CLEVELAND PUBLIC LIBRARY
 CUYAHOGA COUNTY
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2011**

	All Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	956,614	\$0	\$0	\$0	\$956,614
Library and Local Government Support	1,212,124	0	0	0	1,212,124
Intergovernmental	361,582	0	0	0	361,582
Patron Fines and Fees	6,755	0	0	0	6,755
Contributions, Gifts and Donations	10,258	0	0	0	10,258
Earnings on Investments	102	0	0	0	102
Miscellaneous	42,070	0	0	0	42,070
Total Cash Receipts	2,589,505	0	0	0	2,589,505
Cash Disbursements:					
Current:					
Library Services	2,299,601	0	0	0	2,299,601
Total Cash Disbursements	2,299,601	0	0	0	2,299,601
Excess of Receipts Over/(Under) Disbursements	289,904	0	0	0	289,904
Other Financing Receipts:					
Sale of Capital Assets	14,300	0	0	0	14,300
Total Other Financing Receipts	14,300	0	0	0	14,300
Net Change in Fund Cash Balances	304,204	0	0	0	304,204
Fund Cash Balance, January 1	(6,467)	2,938	2,635	3,792	2,898
Fund Cash Balances, December 31					
Nonspendable		2,938			2,938
Restricted			2,635		2,635
Committed				3,792	3,792
Assigned	297,737				297,737
Fund Cash Balances, December 31	\$297,737	\$2,938	\$2,635	\$3,792	\$307,102

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 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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	\$ 1,032,531	\$0	\$0	\$0	\$ 1,032,531
Library and Local Government Support	1,180,427	0	0	0	1,180,427
Intergovernmental	347,295	0	0	0	347,295
Patron Fines and Fees	6,111	0	0	0	6,111
Contributions, Gifts and Donations	65,576	0	0	0	65,576
Earnings on Investments	71	0	0	0	71
Miscellaneous	7,730	0	0	0	7,730
	<u>2,639,741</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,639,741</u>
Total Cash Receipts					
	<u>2,639,741</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,639,741</u>
Cash Disbursements:					
Current:					
Salaries	839,916	0	0	0	839,916
Employee Fringe Benefits	824,248	0	0	0	824,248
Purchased and Contractual Services	684,920	0	0	0	684,920
Library Materials and Information	120,610	0	0	0	120,610
Supplies	35,007	0	0	0	35,007
Other	35,901	0	0	0	35,901
Capital Outlay	47,912	0	0	0	47,912
	<u>2,588,514</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,588,514</u>
Total Cash Disbursements					
	<u>2,588,514</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,588,514</u>
Total Receipts Over/(Under) Disbursements	<u>51,227</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,227</u>
Fund Cash Balance, January 1	<u>(57,694)</u>	<u>2,938</u>	<u>2,635</u>	<u>3,792</u>	<u>(48,329)</u>
Fund Cash Balance, December 31	<u>\$ (6,467)</u>	<u>\$ 2,938</u>	<u>\$ 2,635</u>	<u>\$ 3,792</u>	<u>\$ 2,898</u>
Reserve for Encumbrances, December 31	<u>\$ 54,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$ 54,233</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, 2011 AND 2010**

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 Friends of East Cleveland Public Library, Inc. is a not-for-profit organization with a self-appointing board. The Library is not financially accountable for the organization, nor does the Library approve the budget or the issuance of debt of the organization. Therefore, this organization has been excluded from the reporting entity of the Library.

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

B. Accounting Basis

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.

EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

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

D. Fund Accounting (Continued)

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 only Special Revenue Fund is the Flewellen Fund. This Fund is used to account for the preservation and public display of the Icabod Flewellen collection.

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 only Capital Project Fund is the 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 only Permanent Fund is the Putnam Fund. This Fund accounts for monies that 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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Library must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Library classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Library must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Library Trustees or a Library official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Library applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

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>2011</u>	<u>2010</u>
Demand Deposits	\$219,925	\$821
Investments - Star Ohio	87,177	2,077
Total Demand Deposits and Investments	<u>\$307,102</u>	<u>\$2,898</u>

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

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, 2011 and December 31, 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,081,184	\$2,603,805	(\$477,379)
Total	\$3,081,184	\$2,603,805	(\$477,379)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,358,093	\$2,299,601	(\$58,492)
Total	\$2,358,093	\$2,299,601	(\$58,492)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,521,797	\$2,639,741	\$117,944
Total	\$2,521,797	\$2,639,741	\$117,944

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,931,942	\$2,642,747	\$710,805
Total	\$1,931,942	\$2,642,747	\$710,805

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the following legal levels of control for 2011 and 2010:

Description	Total Appropriations	Total Expenditures	Excess
2010:			
Salaries	\$792,512	\$846,032	(\$53,520)
Telephone	57,904	61,230	(3,326)
Electricity	82,674	103,065	(20,391)
Library Material Control Services	118,433	157,955	(39,522)
2011:			
Medical/Hospitalization	200,000	209,572	(9,572)
Electricity	48,609	67,449	(18,840)
General Administrative Supplies	15,500	30,508	(15,008)
Judgments and Findings	5,000	85,000	(80,000)

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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 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.

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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Library contributed an amount equaling 14% of participants' gross salaries. The Library has paid all contributions required through December 31, 2011.

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. Contingent Liabilities

The Library is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Library's financial condition.

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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, 2011 and December 31, 2010, and have issued our report thereon dated May 29, 2014, 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 and implemented GASB 54 during 2011. 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 2011-01 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 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Library's management in a separate letter dated May 29, 2014.

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

May 29, 2014

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2011-01
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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.

The Library’s books were not reconciled to the bank and investment accounts for 2010 and 2011. Also, on a monthly basis unsupported adjustments were posted to UAN so the next month’s financial activity could be posted. In order to correct this situation, the Library hired an Independent Public Accountant (IPA) to reconstruct the activity for 2010 and 2011. The results of the reconstruction are as follows:

For 2010:

- The UAN system reported a year end cash fund balance of \$44,376 but the actual balance was \$2,898, a difference of \$41,478.
- There were 85 adjustments needed to correct transactions that were either not booked or booked for an incorrect amount.
- There were over \$419,000 in payroll adjustments for expenditures which appeared on the bank statement but were not posted to the ledger.
- There were over \$412,000 in payroll adjustments for expenditures which were posted to the ledger but did not appear on the bank statement.
- A 2009 audit adjustment for \$82,443 was not record in the UAN system.

For 2011, the UAN system reported a year end cash fund balance of \$348,079 but the actual balance was \$307,102, a difference of \$40,976. The difference was primarily due to the \$41,478 fund balance adjustment identified in 2010 that was brought forward to 2011.

The above adjustments pertained to the General Fund. For the remaining funds, there was no activity, however, the January 1, 2010 beginning cash fund balances reported in the UAN system did not agree to the prior audit report. The adjustments necessary to correct this are as follows:

<u>Fund Type/Fund</u>	<u>UAN Amount</u>	<u>Prior Audit Amount</u>	<u>Difference</u>
Special Revenue Fund - Flewellen Fund	\$380	\$2,938	\$2,542
Capital Project Fund - Building and Repair Fund	987	2,635	1,548
Permanent Fund - Putnam Fund	73	3,792	3,719

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2011-01
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Material Weakness (Continued)

The accompanying financial statements and accounting records reflect the correcting adjustments.

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

We recommend the books be reconciled to the bank and investment accounts on a monthly basis and any adjustments documented and maintained. We also recommend either the Director or a Board member review and initial/date the reconciliations.

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 (preferably the chair of the Finance Committee) will review weekly bank reconciliations submitted by the Fiscal Officer.
- All reconciliations will be signed and dated by both the Executive Director and a board member weekly (preferably the chair of the Finance Committee).
- The Board has retained an outside firm to perform monthly adjustments.
- 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	2011-02
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Material Noncompliance

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.

For December 31, 2011 and 2010, we tested seven line item appropriations each year and noted the following instances in which total expenditures exceeded the amount appropriated:

Description	Appropriations	Total Expenditures	Excess
2010:			
Salaries	\$792,512	\$846,032	(\$53,520)
Telephone	57,904	61,230	(3,326)
Electricity	82,674	103,065	(20,391)
Library Material Control Services	118,433	157,955	(39,522)
2011:			
Medical/Hospitalization	200,000	209,572	(9,572)
Electricity	48,609	67,449	(18,840)
General Administrative Supplies	15,500	30,508	(15,008)
Judgments and Findings	5,000	85,000	(80,000)

**EAST CLEVELAND PUBLIC LIBRARY
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2011-02
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Material Noncompliance (Continued)

For 2010, we also noted the Library had a negative cash balance of (\$6,467) in the General Fund and negative total unencumbered cash balance of (\$51,335) for all funds at year end. This was due to the Library failure to monitor the budget on a regular basis.

These weaknesses resulted in expenditures exceeding total appropriations and negative cash and negative unencumbered cash fund balances at year end.

We recommend the Board and management monitor total appropriations with expenditures plus encumbrances on a monthly basis.

Library's Response

On a monthly basis, management and the Board will monitor and compare the Official Certificate of Estimated Resources with actual resources and adjust the budget and Certificate accordingly. Also, the appropriation measures adopted by the Board will be compared weekly by the Executive Director and the Fiscal Officer 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, 2011 AND DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-01	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 2011-01.
2009-02	Expenditures plus encumbrances exceeded appropriations, contrary to Ohio Admin. Code 117-8-02.	No	Repeated as finding 2011-02.

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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
JUNE 12, 2014**