



Dave Yost • Auditor of State

LICKING PARK DISTRICT
LICKING COUNTY

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Dave Yost • Auditor of State

Licking Park District
Licking County
4309 Lancaster Road
PO Box 590
Granville, Ohio 43023

To the Board of Commissioners:

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 District 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.

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Dave Yost
Auditor of State

August 9, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Licking Park District
Licking County
4309 Lancaster Road
PO Box 590
Granville, Ohio 43023

To the Board of Commissioners:

We have audited the accompanying financial statements of Licking Park District, Licking County, Ohio (the District) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the District'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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District 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 District's larger (i.e. major) funds separately. While the District 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 Districts to reformat their statements. The District 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2010 and 2009, 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 Licking Park District, Licking County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District 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 August 9, 2011 on our consideration of the District'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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 9, 2011

**LICKING PARK DISTRICT
LICKING 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 332,528	\$ 562,581	\$ 895,109
Gifts and Donations	130,801	-	130,801
Programs and Fees	38,045	-	38,045
Sales	80	-	80
Miscellaneous	17,779	-	17,779
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	519,233	562,581	1,081,814
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current Disbursements:			
Conservation/Recreation:			
Salaries and Benefits	300,433	-	300,433
Supplies	23,147	-	23,147
Utilities/Insurance	30,425	-	30,425
Equipment	12,311	-	12,311
Contracts - Repair	2,123	-	2,123
Contracts - Services	56,336	-	56,336
Advertising and Printing	14,364	-	14,364
Other	17,045	-	17,045
Capital Outlay	214,844	562,581	777,425
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	671,028	562,581	1,233,609
	<hr/>	<hr/>	<hr/>
Total Receipts Under Disbursements	(151,795)	-	(151,795)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	203,102	-	203,102
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 51,307</u>	<u>\$ -</u>	<u>\$ 51,307</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 9,962</u>	<u>\$ -</u>	<u>\$ 9,962</u>

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

**LICKING PARK DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 560,183	\$ 6,812	\$ 566,995
Gifts and Donations	3,513	-	3,513
Programs and Fees	42,228	-	42,228
Sales	49	-	49
Miscellaneous	33,574	-	33,574
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	639,547	6,812	646,359
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current Disbursements:			
Conservation/Recreation:			
Salaries and Benefits	329,454	4,076	333,530
Supplies	22,916	-	22,916
Utilities/Insurance	35,082	-	35,082
Equipment	6,696	2,736	9,432
Contracts - Repair	1,323	-	1,323
Contracts - Services	93,981	-	93,981
Advertising and Printing	10,453	-	10,453
Other	21,003	-	21,003
Capital Outlay	15,013	-	15,013
Debt Service:			
Redemption of Principal	19,804	-	19,804
Interest and Other Fiscal Charges	2,126	-	2,126
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	557,851	6,812	564,663
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	81,696	-	81,696
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	121,406	-	121,406
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 203,102</u>	<u>\$ -</u>	<u>\$ 203,102</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 10,264</u>	<u>\$ -</u>	<u>\$ 10,264</u>

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

**LICKING PARK DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Licking Park District, Licking County, Ohio (the District) as a body corporate and politic. The probate judge of Licking County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. Additionally, the Commissioners may create parks, parkways, and other reservations and may afforest, develop, improve and protect, and promote the use of these assets conducive to the general welfare of the District.

The District's management believes these financial statements present all activities for which the District 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 District 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. Deposit and Investments

As the Ohio Revised Code permits, the Licking County Treasurer holds the District's deposits as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District 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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**LICKING PARK DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Clean Ohio Grant Fund, which was specifically for grant expenditures and receipts which the District utilized for the acquisition of land in 2010.

FEMA Grant Fund, which was specifically for grant expenditures and receipts which the District utilized for repairs needed to the District after a storm in 2009.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Commissioners must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The District 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.

**LICKING PARK DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and December 31, 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$391,030	\$519,233	\$128,203
Special Revenue	\$0	\$562,581	\$562,581
Total	\$391,030	\$519,233	\$128,203

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$570,688	\$680,990	(\$110,302)
Special Revenue	\$0	\$562,581	(\$562,581)
Total	\$570,688	\$680,990	(\$110,302)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$614,203	\$639,547	\$25,344
Special Revenue	\$0	\$6,812	\$6,812
Total	\$614,203	\$639,547	\$25,344

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$631,603	\$568,115	\$63,488
Special Revenue	\$0	\$6,812	(\$6,812)
Total	\$631,603	\$568,115	\$63,488

Contrary to Ohio law, budgetary expenditures exceeded appropriations in 2010 in the General Fund by \$110,302 and Clean Ohio Fund by \$562,581 and in 2009 in the FEMA Fund by \$6,812.

3. Debt

On September 22, 2004 the District entered into an equipment lease for a tractor and loader. During 2009, the remaining principal balance of \$4,084 plus \$193 of interest was paid on the tractor lease, which paid the debt in full.

The District issued revenue bonds on February 23, 2000 in the amount of \$130,000 at 6.00% for a term of ten years to pay part of the cost of acquiring real estate. Interest and principal payments are due annually to the County. In 2009, the District paid a total of \$17,663 in payments to the County for principal and interest payments on this debt. At December 31, 2009, the District had a remaining principal balance of \$16,663; however, on January 28, 2010, the Licking County Board of Commissioners forgave the remaining debt of the District.

At December 31, 2010, the District had no outstanding debt.

**LICKING PARK DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Retirement Systems

The District'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 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

5. Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

**LICKING PARK DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Risk Management (Continued)

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the District's share of these unpaid claims collectible in future years is approximately \$15,081

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2009</u>	<u>2008</u>
\$16,044	\$16,377

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

Licking Park District
Licking County
4309 Lancaster Road
PO Box 590
Granville, Ohio 43023

To the Board of Commissioners:

We have audited the financial statements of the Licking Park District, Licking County, Ohio (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 9, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's control over financial reporting. Accordingly, we have not opined on the effectiveness of the District'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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2010-002 through 2010-005 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District'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.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.auditor.state.oh.us

The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 through 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 9, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 9, 2011

**LICKING PARK DISTRICT
LICKING COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

Finding 2010-001

Expenditures Exceeding Appropriations – Noncompliance Finding

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the District is the level at which Commissioners adopts the original appropriation measure.

The District had expenditures in excess of appropriations at December 31, 2010 and 2009 at the fund level as follows:

Fund - Year	Appropriation Authority	Expenditures	Variance
General Fund - 2010	\$570,688	\$680,990	\$(110,302)
Clean Ohio Fund - 2010	0	562,581	(562,581)
FEMA Fund – 2009	0	6,812	(6,812)

Failure to properly appropriate available resources, approve amendments and accurately record appropriations could result in the District expending more money than what is available in the fund.

We recommend the District ensure expenditures do not exceed appropriations and, when appropriate, have the Board approve amendments to the appropriations.

Finding 2010-002

Supporting Documentation – Noncompliance Finding / Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the District's financial statements are accurately presented and that all revenues are accounted for correctly. Additionally, Ohio Rev. Code Section 149.351 requires that all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code Sections 149.38 through 149.42.

In 2009 and 2010, 100 percent of miscellaneous receipts tested did not have any supporting documentation maintained by the District. Furthermore, the District failed to maintain supporting documentation for the 2009 FEMA grant for non-payroll expenditures totaling \$2,736 did not have any supporting documentation maintained supporting the expenditures made. Additionally, four advance reimbursements totaling \$1,100 did not have detailed itemized receipts, resulting in a finding for recovery at Finding 2010-001.

Failure to maintain organized underlying documentation and support of financial transactions can increase the risk of fraud, inaccurate financial statements, and revenues and expenditures being incorrectly accounted for.

We recommended the District maintain copies of checks, invoices, or hand written receipts attached to the pay-in report from the County for all financial transactions occurring within the District and that records be maintained in an orderly manner to support all transactions.

**LICKING PARK DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding 2010-003

Reconciliation of County and District Accounting Systems – Material Weakness

Licking County serves as the District's fiscal agent. Both the District and the County maintain financial records, and the County provides the District with monthly financial reports. The District should review these monthly reports and reconcile the County reports with the District records to ensure they are in agreement and accurately present the District's financial activity.

Review of the County's monthly financial reports is indicated on the front of the monthly packets via initials of the Operations Administrator and one of the Commissioners; however, there is no evidence of the County reports being reconciled to the District's records. During audit procedures, it was noted that Special Revenue grant activity through FEMA of \$6,812 and OPWC of \$562,581 (made through on behalf payments) were not recorded on the County's books. This activity had a \$0 net effect on fund balance. Furthermore, ODOT activity of \$80,164 in 2010 receipts, \$81,267 in 2009 receipts, and \$27,494 in 2009 expenditures that were not transacted were reported on the District's books, but was not shown on the County's books and required adjustment to remove from the financial statements.

Failure to reconcile County and District records could result in understated receipts and disbursements and hinder the ability to utilize fiscal agent reports of transacted activity for monitoring the District's activity and maintain a set of ledgers and financial statements accurately presenting all of the District's activity.

We recommend the District reconcile the monthly County reports with the District's financial records and document such a reconciliation. Any discrepancies should be discussed with the County to ensure the financial records are accurately reported.

Finding 2010-004

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the District's Finance Department and Board of Commissioners and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were posted to the December 31, 2010 and December 31, 2009 financial statements and ledgers:

- Reclassification of 2010 Special Revenue Fund Type expenditures from Other to Capital Outlay in the amount of \$562,581;
- Adjustment to remove ODOT activity from the Special Revenue Fund Type of Intergovernmental revenues of \$80,164 and \$81,267 for 2010 and 2009, respectively, and Capital Outlay expenditures of \$27,494 in 2009, which reduced Special Revenue Fund Type fund balance by \$80,164 and \$53,773 for 2010 and 2009, respectively, due to activity not occurring.
- Reclassification of General Fund revenue from Miscellaneous revenue to Intergovernmental revenue in the amount of \$72,416 for 2010.
- Adjustment to account for an on-behalf donation in the General Fund in the amount of \$126,100 to Contributions, Gifts, and Donation revenue and Capital Outlay expenditures.

**LICKING PARK DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding 2010-004 (Continued)

Financial Reporting – Material Weakness (Continued)

The following adjustments were not material to the financial statements for December 31, 2010 and December 31, 2009:

- Reclassification of General Fund revenue from Miscellaneous revenue to Intergovernmental revenue in the amount of \$7,898 and to Contributions, Gifts, and Donations revenue in the amount of \$2,144 for 2009.

Failure to post transactions accurately could lead to misleading financial information presented to the Board and residents.

We recommend the District implement additional procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the District. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Finding 2010-005

Program Fee Controls – Material Weakness

The District holds special programs throughout the year for which fees are collected. In addition to program fees, monies are also collected for concessions. A Program Financial Report is completed for each event that details the total number of attendees and the total cash collected for the program, which includes fees and concessions. These reports should also contain a reconciliation detailing total attendance multiplied by the approved program fee plus total concessions sold multiplied by sales price compared to actual cash collections. This reconciliation detail should then be submitted to and reviewed by the Board to ensure proper monitoring. Each receipt collected should be supported by original source documentation, whether it be a numbered ticket, duplicate receipt, or a program registration, which provides corroborative control over sales or attendance.

Program Fees totaling \$38,045 and \$42,228 for 2010 and 2009 respectively, had program Financial Reports completed for each event, however there is no reconciliation performed to ensure accuracy and completeness of the report or a process in place to ensure the amount of collections being deposited is complete and accurate. Furthermore, volunteers are collecting monies for program fees and concessions, but detailed original source documentation is not maintained to support the total collections for all events. Such detailed support could consist of duplicate receipts, a pre-numbered ticket, or a program registration for each attendee.

Failure to perform a reconciliation between attendance and collection and to maintain original source documentation could lead to loss or theft of monies collected without timely detection by management.

**LICKING PARK DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding 2010-005 (Continued)

Program Fee Controls – Material Weakness (Continued)

We recommend the District establish control procedures over the program fee revenue process. Such controls should consist of a reconciliation performed between attendance and money collections, which is then reviewed by the Board. Additionally, there should be a mechanism in place to allow for individual original source documentation to be maintained for each program fee collected, such as duplicate receipts, pre-numbered tickets, or program registrations.

We did not receive a response from Officials for the findings denoted above.



Dave Yost • Auditor of State

LICKING PARK DISTRICT

LICKING 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
SEPTEMBER 13, 2011