



**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**FINAL AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2008 AND  
THE PERIOD ENDED APRIL 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

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Mary Taylor, CPA  
Auditor of State

**ACCOUNTANTS' REPORT**

Bettsville Recreation Board  
Seneca County  
P.O. Box 004  
Bettsville, Ohio 44815-0004

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Bettsville Recreation Board, Seneca County, (the Board) as of and for the period ended April 30, 2009 and the year ended December 31, 2008, following Ohio Administrative Code § 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

As described in Note 8 to the financial statements effective April 30, 2009 the Board ceased operations and transferred all its assets and liabilities to the Village of Bettsville.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 24, 2010

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**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE PERIOD ENDED APRIL 30, 2009**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Agency</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$1,270		\$1,270
Memberships	120		120
Shelter Rental	630		630
Earnings on Investments	1		1
Donations	600	\$1,000	1,600
Miscellaneous	22		22
	<u>2,643</u>	<u>1,000</u>	<u>3,643</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Recreation:			
Salaries and Benefits	2,772		2,772
Materials and Supplies	520		520
Professional Services	5,882		5,882
Contracts - Repair	6		6
Contracts - Services	173		173
Advertising and Printing	84		84
Utilities	3,908		3,908
Insurance	865		865
	<u>14,210</u>		<u>14,210</u>
Total Cash Disbursements	<u>14,210</u>		<u>14,210</u>
Total Receipts Over/(Under) Disbursements	<u>(11,567)</u>	<u>1,000</u>	<u>(10,567)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Other Financing Sources	5,000		5,000
Other Financing Uses		(1,000)	(1,000)
	<u>5,000</u>	<u>(1,000)</u>	<u>4,000</u>
Total Other Financing Receipts / (Disbursements)	<u>5,000</u>	<u>(1,000)</u>	<u>4,000</u>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(6,567)		(6,567)
Fund Cash Balances, January 1	<u>2,722</u>	<u>3,883</u>	<u>6,605</u>
<b>Fund Cash Balances, April 30</b>	<b><u>(\$3,845)</u></b>	<b><u>\$3,883</u></b>	<b><u>\$38</u></b>

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

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	General	Agency	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$15,861		\$15,861
Admissions	28,725		28,725
Memberships	1,995		1,995
Shelter Rental	2,255		2,255
Intergovernmental	2,184		2,184
Earnings on Investments	7		7
Donations	5,214	\$1,000	6,214
Miscellaneous	169		169
	<hr/>		<hr/>
Total Cash Receipts	56,410	1,000	57,410
	<hr/>		<hr/>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Recreation:			
Salaries and Benefits	37,245		37,245
Materials and Supplies	4,511	191	4,702
Professional Services	950		950
Contracts - Repair	8,421		8,421
Contracts - Services	1,840		1,840
Advertising and Printing	118		118
Utilities	1,026		1,026
Insurance	1,010		1,010
Other	839		839
	<hr/>		<hr/>
Total Cash Disbursements	55,960	191	56,151
	<hr/>		<hr/>
Total Receipts Over Disbursements	450	809	1,259
	<hr/>		<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Other Financing Sources	6,308		6,308
Other Financing Uses	(8,078)		(8,078)
	<hr/>		<hr/>
Total Other Financing Receipts/Disbursements	(1,770)		(1,770)
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,320)	809	(511)
	<hr/>		<hr/>
Fund Cash Balances, January 1	4,042	3,074	7,116
	<hr/>		<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,722</u></b>	<b><u>\$3,883</u></b>	<b><u>\$6,605</u></b>

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

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2009 AND DECEMBER 31, 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 Bettsville Recreation Board, Seneca County, (the Board) as a body corporate and politic. The Board consists of five members: Two of its members are representative from the Bettsville Board of Education; the remaining three members are appointed by the Mayor of the Village of Bettsville. The Board maintains, equips and operates the recreation facilities of the Village of Bettsville.

The Board's management believes these financial statements present all activities for which the Board 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 Board 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. Fund Accounting**

The Board uses fund accounting to segregate cash that is restricted as to use. The Board 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. Fiduciary Fund (Agency Fund)**

A fiduciary fund is used when the Board is acting in an agency capacity. The Board had the following significant fiduciary fund:

Little League Fund - The Board acts as fiscal agent for the Bettsville Little League. This fund reports the activity of the Little League.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2009 AND DECEMBER 31, 2008  
(Continued)**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 Board to reserve (encumber) appropriations when individual commitments are made. The Board did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**E. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

The Board maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2008 and April 30, 2009 was as follows:

	2009	2008
Demand deposits	<u>\$38</u>	<u>\$6,605</u>

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

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2009 AND DECEMBER 31, 2008  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the period ending April 30, 2009 and the year ending December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,100	\$62,718	(\$1,382)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,100	\$14,210	(\$14,210)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,100	\$62,718	(\$1,382)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,038	\$64,038	(\$64,038)

Contrary to Ohio law, the Board did not approve or file any budgetary documents for the year ended April 30, 2009. Also contrary to Ohio law, the General Fund had expenditures exceeded appropriations in 2009 and 2008 by \$14,210 and \$64,038, respectively and the Fiscal Officer did not certify the availability of any funds for the years ended April 30, 2009 and December 31, 2008.

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board 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 Intergovernmental Receipts. 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 Board.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2009 AND DECEMBER 31, 2008  
(Continued)**

**4. Property Tax (Continued)**

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

**5. Retirement System**

The Board officials and employee 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%, of their gross salaries and the Board contributed an amount equaling 14% of participants' gross salaries. The Board has paid all contributions required through April 30, 2009.

**6. Risk Management**

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

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

The Board pays the Village of Bettsville to be included on the Village's insurance policy which is through the Public Entities Pool of Ohio.

**7. Contingent Liabilities**

The Board is a defendant in a wrongful death lawsuit. The Board is currently in a dispute with their insurance company as to whether or not they are covered. The case will be defended by the insurance company or the Board will have to pay for its own counsel. Although management cannot presently determine the outcome of this suit, if it is not covered by the insurance company, it could materially affect the Board's financial condition. The Board is unable to determine an estimate of the amount or range of potential loss at this stage in the litigation.

**8. Dissolving of Board Operations**

As of April 30, 2009, the Board dissolved operations. The Bettsville Recreation Board voted to dissolve and have the Village of Bettsville take control of the finances. The Village of Bettsville will assume all assets and liabilities and will record all operations in a special revenue fund.



# Mary Taylor, CPA

Auditor of State

## ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Bettsville Recreation Board  
Seneca County  
P.O. Box 004  
Bettsville, Ohio 44815-0004

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files, and reports of the Bettsville Recreation Board, Seneca County, (the Board), as of and for the period ended April 30, 2009 and the year ended December 31, 2008 following Ohio Administrative Code § 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Board's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the schedule of findings as items 2009-009 through 2009-013.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements, applicable to the Board. Noncompliance with these requirements could impact the Board's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2009-001 through 2009-008.

Bettsville Recreation Board  
Seneca County  
Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
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We intend this report solely for the information and use of management and the Board. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 24, 2010

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
APRIL 30, 2009 AND DECEMBER 31, 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)(1)**, states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. **Blanket Certificate** – fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Ninety-seven percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred, and there was no evidence the Board followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, the Board did not pass a resolution establishing limit amounts for regular blanket certificates.

Certification is not only required by Ohio law, but it is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Board funds being over expended or exceeding budgetary spending limitations as set by the Board. The Board should establish a limit for the blanket certificates by resolution. In addition, to improve controls over disbursements, we recommend all Board disbursements receive prior certification from the fiscal officer and that the Board periodically review the expenditures made to ensure they are within the appropriations adopted by the Board, certified by the fiscal officer and recorded against appropriations.

#### **FINDING NUMBER 2009-002**

##### **Noncompliance Citation**

**Ohio Revised Code § 149.351** states all records are the property of the public office concerned, and 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 Revised Code § 149.39.

The daily tally sheets for admissions into the park for the Board's 4<sup>th</sup> of July Fireworks event could not be located for fiscal year 2008. As a result, the auditors were unable to properly test all admission revenues for this event, which generates a significant revenue stream for the Board. Admission revenues represent 45% of total receipts in 2008. Several other items requested, including, but not limited to, support for shelter rentals for 2009 and disbursements support mainly for utilities and supplies in 2008 and 2009, could not be located by the fiscal officer.

We recommend all public records be maintained and stored by the fiscal officer in accordance with Chapter 149 of the Ohio Revised Code. In addition, tally sheets should be reviewed and reconciled to the revenues reported on the financial statements.

#### **FINDING NUMBER 2009-003**

##### **Noncompliance Citation**

**Ohio Revised Code § 117.38** requires each public office that is not a state agency to file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year. At the time the report is filed with the auditor of state, the chief fiscal officer shall publish notice in a newspaper published in the taxing district. The notice shall state the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer.

The report shall contain the following:

- (A) Amount of collections and receipts , and accounts due from each source;
- (B) Amount of expenditures for each purpose;
- (C) Income of each public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation;

(D) Amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof.

Any such public office that does not file its financial report at the time required by Ohio Revised Code § 117.38 shall pay to the auditor of state twenty-five dollars for each day the report remains unfiled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars. The auditor of state may waive all or any part of the penalty assessed under Ohio Revised Code § 117.38 upon the filing of the past due financial report.

The Board did not file annual reports for 2008 and 2009 and did not publish a notice in a newspaper published in the taxing district that the financial report was completed and available for inspection. To avoid penalties and to be in compliance with the law, we recommend the Board file the reports as required. To satisfy this requirement, the reports can be mailed to the following address:

Auditor of State Mary Taylor, CPA  
Attn: Local Government Services - Unice Smith  
88 East Broad Street – 5<sup>th</sup> Floor  
P.O. Box 1140  
Columbus, Ohio 43215

Electronic versions can be e-mailed to [ussmith@auditor.state.oh.us](mailto:ussmith@auditor.state.oh.us)

#### **FINDING NUMBER 2009-004**

##### **Noncompliance Citation**

**Ohio Revised Code § 5705.41(B)** prohibits a subdivision or taxing unit from making any expenditure of money unless it has been properly appropriated in accordance with the Ohio Revised Code.

The amount of expenditures for 2008 (\$64,038) exceeded the amount of appropriations for 2008 (\$0) by \$64,038 in the General Fund. Also, the amount of expenditures for 2009 (\$14,210) exceeded the amount of appropriations for 2009 (\$0) by \$14,210 in the General Fund.

The Board's management was advised that the failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The fiscal officer should not certify the availability of funds and should deny payment requests exceed appropriations. The fiscal officer may request that the Board approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

#### **FINDING NUMBER 2009-005**

##### **Noncompliance Citation**

**Ohio Revised Code § 9.11** allows any elected or appointed public official of any political subdivision or instrumentality thereof, or any member, agent, or employee of any board or other public body established by law, who is permitted or required in the performance of his duties to affix his manual signature on any check, draft, warrant, voucher, or other instrument for the payment of money, may adopt a facsimile thereof, in lieu of such signature, and affix such facsimile to any such instrument.

**Ohio Revised Code § 9.10** defines “facsimile signature” to include, but not be limited to, the reproduction of any authorized signature by a copper plate or by a photographic, photostatic, or mechanical device, but does not authorize the use of a rubber stamp signature by the official or authorized employee referred to in Ohio Revised Code § 9.11 on the face of any instrument mentioned in such section.

The checks of the Board were manually signed by the fiscal officer of the Board, Michelle Kidwell; however, Ms. Kidwell used a rubber stamp signature of the Board President, Tim Lynch, for the second required signature. As stated above, a rubber stamp signature is not an authorized form of signature.

This process resulted in the fiscal officer having the ability to unilaterally approve expenditures without any independent verification of the purpose or reasonableness of the expenditure. This weakness was a contributing factor to the findings for recovery issued in the prior audit. The small size of the Board’s staff does not allow for proper segregation of duties; therefore, to strengthen the controls over the Board’s disbursements, we recommend the Board require all expenditures be approved by the fiscal officer and the Board President or another member of the Board. Prior to approving any expenditure, supporting documentation should be reviewed to ensure it is for a proper public purpose, and the amount of the expenditure is reasonable in relation to the goods or services received.

#### **FINDING NUMBER 2009-006**

##### **Noncompliance Citation**

**Ohio Revised Code § 5705.10(H)** requires money paid into a any fund to be used only for the purposes for which such fund was established. As a result, a negative fund balance indicates money from one fund was used to cover the expenses of another fund.

The General Fund had a negative fund balance of \$3,845 as of April 30, 2009. The existence of a deficit balance in any fund indicates money from other funds was used to pay the obligations of the fund carrying the deficit balance. We recommend the Board monitor its financial activity and not approve any expenditure that will result in deficit balances.

#### **FINDING NUMBER 2009-007**

##### **Noncompliance Citation**

**Ohio Revised Code § 5705.28(B)(2)** requires a taxing unit that does not levy a tax to comply with sections 5705.36, 5705.38, 5705.41, 5705.44 and 5705.45 of the Ohio Revised Code. Documents prepared in accordance with the aforementioned sections are to be filed with the county auditor or county budget commission.

**Ohio Revised Code § 5705.36** states on or about the first day of each fiscal year, the fiscal officers of each subdivision shall certify the total amount from all sources available for expenditures from each fund set up in the tax budget along with any unencumbered balances existing at the end of the preceding fiscal year.

The Board did not complete its certification for 2008 until March 2009. Also, the Board has failed to complete the certification described above for 2009.

**Ohio Revised Code § 5705.38** requires that an appropriation measure be passed on or about the first day of each fiscal year.

**Ohio Revised Code § 5705.41(B)** states that no subdivision shall make an expenditure of money unless it has been appropriated as provided in Chapter 5705, and prohibits a subdivision from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During 2008 and 2009, the Board failed to adopt appropriation measures and the fiscal officer did not certify the funds were lawfully appropriated. This resulted in the Board's inability to present Board approved budgetary information in the notes to the financial statements for 2008 and 2009. Furthermore, failure to have adequate estimated resources and appropriations in place at the time expenditures are being made could cause expenditures to exceed available resources resulting in deficit spending practices. Finally, this practice impedes the ability of the Board and fiscal officer to properly monitor the budgetary process.

We recommend that the Board complete the certification of amounts from all sources available for expenditure and adopt the appropriation measure in accordance with the sections of the Ohio Revised Code described above. We further recommend that the fiscal officer include monthly budget versus actual information in the financial reports presented to the Board which will assist them in monitoring the Board's financial status.

#### **FINDING NUMBER 2009-008**

##### **Noncompliance Citation**

**Ohio Administrative Code § 117-2-02(C)(1)** states all public offices should integrate budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

For 2008, the Board used QuickBooks as its financial accounting system; however, QuickBooks does not integrate budgetary information. For 2009, the Board used manual records. The failure to integrate budgetary information into the accounting system could result in spending more than appropriated or overspending estimated resources, which results in deficit spending. We recommend the fiscal officer develop a spreadsheet for the Board showing monthly budgeted versus actual receipts and disbursements at the legal level of control. This report should be reviewed and signed by the Board.

#### **FINDING NUMBER 2009-009**

##### **Amounts Advanced for Personal Use**

During the course of the audit, we noted a few transactions that were unusual in nature and showed evidence of potential abuse.

During 2008, we noted the Fiscal Officer paid herself in advance of the services being provided. For example, as of April 21, 2008, she had paid herself for 8 months of work even though she had only worked 4. This was done without the Board's knowledge or approval. Advancing payroll contributed to the Board's inability to pay other bills which resulted in late payments, penalties and interest being charged.

The Board holds a fireworks display for the 4<sup>th</sup> of July each year. Part of these activities included collecting gate and parking receipts which are to be deposited by the Fiscal Officer. An initial review of the 2008 records noted no deposits for the 4<sup>th</sup> of July. During an interview, Michelle Kidwell, Fiscal Officer, admitted to removing gate admission and parking receipts for personal use and on November 18, 2008 she repaid those funds by depositing \$3,343 into the Bettsville Recreation Board general checking account.

On February 12, 2008 a check was recorded in the accounting system to the Ohio Public Employees Retirement System for \$3,963.52. A review of the electronic image of this check from the bank found that it was actually written to cash and endorsed by the Fiscal Officer, Michelle Kidwell. During an interview, Michelle Kidwell admitted to removing these funds for personal use and on November 18, 2008 she repaid most of those funds by depositing \$3,957.52 into the Bettsville Recreation Board general checking

The financial statements did not properly report the revenues received and expenditures incurred. We recommend the Board monitor all financial activity to prevent these types of transactions from occurring. Findings for Recovery were issued in the prior audit against the Fiscal Officer for the instances noted above and were repaid as of April 30, 2009.

#### **FINDING NUMBER 2009-010**

##### **Receipts**

The Board shall maintain adequate support for all cash receipts. A multi-part pre-numbered receipt shall be completed for each cash receipt, except for general admission sales which may be receipted in lump sums. The Board shall account for each receipt issued or spoiled by accounting for all receipt numbers consecutively. A cash receipt shall be prepared for all cash receipts regardless of whether other documentation evidences receipt (e.g., membership application). The Board did not always issue receipts for cash received and did not always have adequate support for amounts reported as donations. This lack of support resulted in incomplete and inaccurate financial statements. We recommend the Fiscal Officer utilize a pre-numbered triplicate receipt book for all cash receipts. The receipt should include a description of the date received, amount received, who it was received from, and a description of what it was for. One receipt should be given to the payor, one should be kept intact in the receipt book and the third copy should be used to maintain a receipt file with all supporting documentation (including deposit slips) available attached to the receipt. The Fiscal Officer should also make a notation within the receipt book for when and in what amount the accumulated receipts were deposited. It is further recommended these receipt numbers be used within the accounting system to properly account for all receipts/deposits.

#### **FINDING NUMBER 2009-011**

##### **Bank Reconciliations**

Timely and accurate bank reconciliations are a key control within the internal control structure. Bank reconciliations are to be completed monthly and should be reviewed and approved by the Board. The Bank reconciliations were prepared monthly, but were inaccurate and were not submitted to the Board for their review and approval. The lack of accurate bank reconciliations resulted in the Board being declared unauditible. Failure to prepare monthly bank reconciliations prohibits the fiscal officer from preparing accurate financial statements. Without accurate financial statements the Board cannot make proper determinations of the financial position of the Recreation Board. We recommend the Fiscal Officer prepare accurate bank reconciliations on a monthly basis and submit them to the Board for their review and approval. The Board should also sign the reconciliations to indicate the review was completed.

#### **FINDING NUMBER 2009-012**

##### **Monthly Financial Information**

The Board had very few, if any, internal controls governing processing of expenditures for payroll and non-payroll items. Additionally, the Fiscal Officer performs the disbursement of all funds expended by the Board. These deficiencies raise a significant potential for fraud. Monitoring and oversight of monthly financial information is a key control within the internal control structure. The Fiscal Officer should submit a monthly "check register," "Profit and Loss – Detail" and "Profit and Loss-Summary" to the Board for their review and approval. None of the above mentioned reports were submitted to or reviewed by the Board. The lack of appropriate oversight was a contributing factor to incomplete and inaccurate financial statements and the Board being declared unauditible. We recommend the Fiscal Officer prepare the above mentioned reports on a monthly basis and submit them to the Board for their review and approval.

The Board shall indicate this review by signing the reports.

#### **FINDING NUMBER 2009-013**

##### **Parking Donations**

Parking donations were included in the financial statements as admissions revenue. Total admission revenue was \$28,725 in fiscal year 2008. There was no documentation available to review the completeness or existence of this amount.

The Board does not utilize tally sheets or pre-numbered tickets to document parking receipts, which made it impossible to ensure that all parking donations had been received. Since the Board does not require the issuance of source documentation, it was impossible to ensure that all parking donations were recorded on the financial statements. The Board does not require payment for parking as an admission to the event, but considers this a donation to the Board. Failure to account for parking receipts increases

the risk that fraudulent activity or mistakes will occur. Due to lack in accountability, we were unable to determine if all receipts were accounted for on the financial statements for admission receipts. Although payment is not required, the Board should implement a policy requiring tally sheets and/or pre-numbered tickets to be utilized for all parking receipts. As part of this policy, donations should be approved in the minutes as being received and recorded on the records for inclusion in the financial statements. Even though donations are accepted in lieu of payment, tickets should be distributed to those who donate.

**Official's Response:** We did not receive a response from Officials to the findings reported above.

**BETTSVILLE RECREATION BOARD  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
APRIL 30, 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; <b><i>Explain</i></b>
2007-001	Revised Code § 117.28, Finding for Recovery – Personal Expenditures.	Yes	
2007-002	Revised Code § 117.28, Finding for Recovery – Unsupported payments.	Yes	
2007-003	Revised Code § 117.28, Finding for Recovery - Payroll.	Yes	
2007-004	Revised Code § 117.28, Finding for Recovery – Undeposited Funds.	Yes	
2007-005	Revised Code § 5705.28(B)(2), §§ 5705.36, 5705.38, 5705.41 and 5705.44 – Various Budgetary issues.	No	Not corrected. Repeated as finding 2009-007 in this report.
2007-006	Revised Code § 149.351, destruction report.	No	Not corrected. Repeated as finding 2009-002 in this report.
2007-007	Revised Code § 5705.41(D)(1), expenditures not properly certified.	No	Not corrected. Repeated as finding 2009-001 in this report.
2007-008	Revised Code § 9.11 & § 9.10, the use of a facsimile signature	No	Not corrected. Repeated as finding 2009-005 in this report.
2007-009	Ohio Administrative Code § 145-1-27 (B)(1), remittance of OPERS withholdings from the employer and employee share.	Yes	
2007-010	26 U.S.C. § 3402, the withholding and payment of federal and employment related taxes.	Yes	
2007-011	Amounts Advanced for Personal Use	No	Not corrected. Repeated as finding 2009-009 in this report.
2007-012	Bank Reconciliations	No	Not corrected. Repeated as finding 2009-011 in this report.



**Mary Taylor, CPA**  
Auditor of State

**BETTSVILLE RECREATION BOARD**

**SENECA 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  
APRIL 8, 2010**