



Mary Taylor, CPA  
Auditor of State



PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY

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Mary Taylor, CPA  
Auditor of State

Preble County Park District  
Preble County  
c/o Probate Court  
101 East Main Street  
Eaton, Ohio 45320

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 government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

July 9, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Preble County Park District  
Preble County  
c/o Probate Court  
101 East Main Street  
Eaton, Ohio 45320

To the Board of Commissioners:

We have audited the accompanying financial statements and the discretely presented component unit of the Preble County Park District, Preble County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, 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 of the discretely presented component unit and the Preble County Park District, Preble County, as of December 31, 2009 and 2008, and their 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 July 9, 2010, 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 "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

July 9, 2010



**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Component Unit</u>
	<u>General</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>	<u>Friends of the Preble County Park District</u>
<b>Cash Receipts:</b>				
Farm Rent	\$11,000		\$11,000	
Donations	1,079	\$1,000	2,079	\$1,200
Memberships			0	675
Grants		8,109	8,109	1,800
Miscellaneous		2	2	50
	<u>12,079</u>	<u>9,111</u>	<u>21,190</u>	<u>3,725</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current Disbursements:				
Conservation/Recreation:				
Administrative Services	3,577		3,577	
Insurance	1,265		1,265	
Maintenance	1,244		1,244	173
Repairs	123		123	
Advertising	407		407	
Real Estate Taxes	70		70	
Other	2,700	10,233	12,933	7
Debt Service:				
Redemption of Principal		19,978	19,978	
Interest and Fiscal Charges	462	712	1,174	
Capital Outlay	143		143	238
	<u>9,991</u>	<u>30,923</u>	<u>40,914</u>	<u>418</u>
<b>Total Cash Disbursements</b>				
	<u>2,088</u>	<u>(21,812)</u>	<u>(19,724)</u>	<u>3,307</u>
<b>Total Receipts Over/(Under) Disbursements</b>				
<b>Other Financing Receipts:</b>				
Proceeds from Sale of Public Debt:				
Loan Proceeds		18,789	18,789	
	<u>0</u>	<u>18,789</u>	<u>18,789</u>	<u>0</u>
<b>Total Other Financing Receipts</b>				
	<u>2,088</u>	<u>(3,023)</u>	<u>(935)</u>	<u>3,307</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>				
Fund Cash Balances, January 1	9,439	8,331	17,770	2,254
<b>Fund Cash Balances, December 31</b>	<u><b>\$11,527</b></u>	<u><b>\$5,308</b></u>	<u><b>\$16,835</b></u>	<u><b>\$5,561</b></u>

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

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Component Unit</u>
	<u>General</u>	<u>Capital Project</u>	<u>Totals (Memorandum Only)</u>	<u>Friends of the Preble County Park District</u>
<b>Cash Receipts:</b>				
Farm Rent	\$11,000		\$11,000	
Donations	3,846	\$1,000	4,846	\$10
Memberships			0	925
Grants		32,286	32,286	2,145
Miscellaneous	112		112	
<b>Total Cash Receipts</b>	<u>14,958</u>	<u>33,286</u>	<u>48,244</u>	<u>3,080</u>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Conservation/Recreation:				
Administrative Services	6,229		6,229	
Insurance	1,210		1,210	
Maintenance	1,045		1,045	272
Repairs	1,052		1,052	
Real Estate Taxes	70		70	
Other	2,639	3,258	5,897	150
Capital Outlay	2,241	32,286	34,527	1,879
<b>Total Cash Disbursements</b>	<u>14,486</u>	<u>35,544</u>	<u>50,030</u>	<u>2,301</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>472</u>	<u>(2,258)</u>	<u>(1,786)</u>	<u>779</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Loan Proceeds	9,989		9,989	
Transfers-In		10,589	10,589	
Transfers-Out	(10,589)		(10,589)	
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(600)</u>	<u>10,589</u>	<u>9,989</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(128)</u>	<u>8,331</u>	<u>8,203</u>	<u>779</u>
<b>Fund Cash Balances, January 1</b>	<u>9,567</u>	<u>0</u>	<u>9,567</u>	<u>1,475</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$9,439</u></u>	<u><u>\$8,331</u></u>	<u><u>\$17,770</u></u>	<u><u>\$2,254</u></u>

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

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Preble County Park District, Preble County, Ohio (the District), as a body corporate and politic. The probate judge of Preble 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. The Board may also 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.

The component unit column in the financial statements identifies the financial data of the District's discretely presented component unit, Friends of the Preble County Park District. It is reported separately to emphasize that it is legally separate from the District. See Note 7.

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. Cash and Deposits**

The District only had checking accounts during the audit period.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and deposits that are 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. Capital Project Funds**

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

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

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

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

OPRA/ODOT Grant Fund – This fund received Ohio Parks and Recreation Association/Ohio Department of Transportation grant monies for park district capital improvements.

NatureWorks/Boardwalk Fund – This fund received NatureWorks grant monies through the Ohio Department of Natural Resources for park district capital improvements.

**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 District 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 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. The District did not use the encumbrance method of accounting. However, the District had no material amounts that should have been recorded as outstanding encumbrances at December 31, 2009 and 2008.

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

**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.

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

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

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$16,835</u>	<u>\$17,770</u>
Total deposits	<u><u>\$16,835</u></u>	<u><u>\$17,770</u></u>

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

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

**2. Equity in Pooled Cash and Deposits (Continued)**

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,939	\$12,079	(\$9,860)
Capital Projects	66,575	27,900	(38,675)
Total	\$88,514	\$39,979	(\$48,535)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$16,016	\$9,991	\$6,025
Capital Projects	63,183	30,923	32,260
Total	\$79,199	\$40,914	\$38,285

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,947	\$24,947	\$0
Capital Projects	0	43,875	43,875
Total	\$24,947	\$68,822	\$43,875

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,477	\$25,075	(\$4,598)
Capital Projects	48,580	35,544	13,036
Total	\$69,057	\$60,619	\$8,438

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for various funds and line items at the legal level of control at December 31, 2008 and 2009.

Contrary to Ohio law, appropriations exceeded beginning unencumbered fund balance plus actual receipts for the ODOT/OPRA Grant Fund at December 31, 2008 and the NatureWorks/Boardwalk Fund at December 31, 2009.

Contrary to Ohio law, the District did not properly post estimated resources and appropriations to the cashbook for 2008 and 2009.

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

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

**3. Budgetary Activity (Continued)**

Contrary to Ohio law, appropriations exceeded estimated resources for the NatureWorks/Boardwalk Fund and ODOT/OPRA Grant Fund at December 31, 2008.

**4. Debt**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
NatureWorks Loan	\$8,800	4%

In 2009 the District obtained a loan through the Ohio Department of Natural Resources NatureWorks local grant program. The loan proceeds were to be used to finance capital improvements at the Allen and Adaline Garber Nature Center. The loan matures on October 30, 2010. The loan is uncollateralized.

Amortization of the above debt, including interest, is scheduled as follows:

	NatureWorks Loan
Year ending December 31: 2010	\$9,152

In 2008 the District obtained a loan for \$9,989 through the same NatureWorks grant program. The District renewed this loan on January 25, 2009, and paid off the loan on July 25, 2009. Principal was paid from the NatureWorks/Boardwalk Fund; interest was paid from the General Fund and NatureWorks/Boardwalk Fund.

**5. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

**6. Related Party Transactions**

The husband of the prior Executive Director/Secretary-Treasurer provided maintenance and mowing services to the District during the audit period. The District paid \$270 for these services in 2008 and \$300 in 2009.

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

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

**7. Discrete Component Unit**

The Friends of the Preble County Park District is a legally separate, not-for-profit corporation, served by a board whose officers are elected at large from nominations submitted by members. The Friends of the Preble County Park District was established on January 29, 2007. The District Board of Commissioners cannot influence the Friends of the Preble County Park District's operations. The purposes of this organization are:

- To support, improve, protect and preserve the Preble County Park District Parks for the use and enjoyment of this and future generations.
- To inform and educate the public about the unique qualities of the Preble County Park District Parks including the natural, geological, biological, cultural, historical, and recreation features.
- To encourage individuals and groups to participate in a cooperative volunteer program to promote and improve the parks within the Preble County Park District.

Based upon the Friends of the Preble County Park District's sole purpose of providing assistance to the Preble County Park District, the Friends of the Preble County Park District is reflected as a component unit of the District. This is because the nature and significance of the relationship is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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# Mary Taylor, CPA

## Auditor of State

Preble County Park District  
Preble County  
c/o Probate Court  
101 East Main Street  
Eaton, Ohio 45320

To the Board of Commissioners:

We have audited the financial statements of the Preble County Park District, Preble County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 9, 2010, 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 internal 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-006 described in the accompanying schedule of findings to be a material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated July 9, 2010.

### **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. 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 2009-001 through 2009-005.

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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 9, 2010

**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

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

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

**FINDING NUMBER 2009-001**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.41(B)**, requires that no subdivision or taxing unit is to expend money unless it has been appropriated as provided in Chapter 5705. Expenditures exceeded appropriations as follows:

Fund	Expenditures	Appropriations	Variance
General Fund at 12/31/08	\$25,075	\$20,477	\$4,598
<b>Legal Level of Control at 12/31/08—General Fund:</b>			
Park Operations	870	400	470
Office Supplies	326	225	101
Miscellaneous	561	100	461
Signage	2,086	250	1,836
Grant Funds	10,889	0	10,889
<b>Legal Level of Control at 12/31/09— NatureWorks/Boardwalk Fund:</b>			
Boardwalk Loan	10,601	9,989	612

Failure to limit expenditures to appropriations may result in overspending and negative fund balances. We recommend that the District limit expenditures to the appropriated amount. The Secretary/Treasurer should deny any payments until the Board has approved the necessary changes to the appropriation measure.

**FINDING NUMBER 2009-002**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.41(D)(1)**, prohibits a subdivision or taxing entity 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 that 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 encumbrance.

There are several exceptions to the standard requirement stated above that a 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.

**FINDING NUMBER 2009-002  
(Continued)**

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

Amounts of 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 District.

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 District 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 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.

The District did not utilize purchase orders during the audit period. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, “then and now” certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. All invoices should be dated.

**FINDING NUMBER 2009-003**

**Noncompliance Citation**

**Ohio Administrative Code, § 117-2-02(C)(1)**, states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. The District did not properly post estimated resources and appropriations to the cashbook for 2009 (the amounts did not match).

<b>Estimated Resources</b>	<b>Per Board Approved Documentation</b>	<b>Amount Posted to Cashbook</b>	<b>Variance</b>
General Fund – 2009	\$21,939	\$21,518	\$421
NatureWorks/Boardwalk Fund – 2009	40,181	26,242	13,939

<b>Appropriations</b>	<b>Per Board Approved Documentation</b>	<b>Amount Posted to Cashbook</b>	<b>Variance</b>
General Fund – 2008	\$20,477	\$17,641	\$2,836
NatureWorks/Boardwalk Fund – 2008	9,989	0	9,989
ODOT/OPRA Grant Fund - 2008	38,591	0	38,591
NatureWorks/Boardwalk Fund – 2009	26,394	25,000	1,394
ODOT/OPRA Grant Fund – 2009	36,789	26,789	10,000

Failure to properly post estimated receipts and appropriations to the cashbook may interfere with the District’s ability to monitor revenues and expenditures, and to limit their spending within the limits of their expected revenue. We recommend that the District properly post estimated resources and appropriations to the cashbook.

**FINDING NUMBER 2009-004**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.36(A)(4)**, requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Actual receipts were less than estimated receipts and the deficiency reduced available resources below the current level of appropriations as follows:

**FINDING NUMBER 2009-004  
 (Continued)**

<b>Fund</b>	<b>Appropriations</b>	<b>Beginning Unencumbered Fund Balance Plus Actual Receipts</b>	<b>Variance</b>
ODOT/OPRA Grant Fund at December 31, 2008	\$38,591	\$32,286	\$6,305
NatureWorks/Boardwalk Fund at December 31, 2009	\$36,789	\$26,242	\$10,547

Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriation can result in overspending and negative fund balances. We recommend that the District monitor estimated and actual receipts and obtain amendments when required.

**FINDING NUMBER 2009-005**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.39**, provides in part that total appropriations from each fund shall not exceed the total estimated resources. Appropriations exceeded estimated resources as follows:

<b>Fund</b>	<b>Appropriations</b>	<b>Estimated Resources</b>	<b>Variance</b>
NatureWorks/Boardwalk Fund at December 31, 2008	\$9,989	\$0	\$9,989
ODOT/OPRA Grant Fund at December 31, 2008	38,591	0	38,591

Failure to limit appropriations to estimated resources may result in overspending and negative fund balances. We recommend that the District limit appropriations to the amount of estimated resources.

**FINDING NUMBER 2009-006**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The District made errors in reporting financial activity for 2008 and 2009.

- In 2008 the District reported donations as Grant Revenues, rather than Donations [\$1,000 for the General Fund; \$1,000 for the NatureWorks/Boardwalk Fund].

**FINDING NUMBER 2009-006  
(Continued)**

- The District incorrectly reported on-behalf activity for the OPRA/ODOT Grant. The District reported Grant Revenues of \$34,674 and Capital Outlay of \$31,843 for the OPRA/ODOT Grant Fund at December 31, 2008. However, the actual on-behalf activity for this grant was \$32,286 in 2008. In 2009 the District reported Grant Revenues of \$23,563. However, there was no actual on-behalf grant activity for 2009.
- In 2008 the District moved financial activity of \$10,589 from the General Fund to the NatureWorks/Boardwalk Fund. The District reported this activity as Other Expense in the General Fund and Grant Revenues in the NatureWorks/Boardwalk Fund. The District should have reported this activity as a Transfer Out in the General Fund and a Transfer In in the NatureWorks/Boardwalk Fund.
- In 2008 the District reported loan proceeds of \$9,989 in the General Fund as Grant Revenue, rather than Loan Proceeds. In 2009 the District reported payment of interest on the loan as Other Expense, rather than Debt Service—Interest.
- In 2009 the District renewed the \$9,989 loan. The District did not report the loan renewal. The District should have reported Loan Proceeds of \$9,989 and Debt Service—Principal of \$9,989 in the NatureWorks/Boardwalk Fund.
- Later in 2009 the District paid off the \$9,989 loan. The District reported the loan payoff of \$10,701 as Other Expense in the NatureWorks/Boardwalk Fund. The District should have reported this activity as Debt Service—Principal of \$9,989 and Debt Service—Interest of \$712.
- In late 2009 the District obtained a new loan for \$8,800. The District reported the loan proceeds as Grant Revenue in the NatureWorks/Boardwalk Fund, rather than Loan Proceeds.

Adjustments have been posted to the accompanying financial statements. Failure to properly report revenues and expenditures can result in inaccurate records and annual financial reports. To improve accountability and record keeping, we recommend that the District properly report all revenues and expenditures. All transfers of financial activity from the General Fund should be approved by the Board in the minutes.

**We did not receive a response from officials to the findings reported above.**

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**PREBLE COUNTY PARK DISTRICT  
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 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	Ohio Revised Code § 5705.09(F), failure to properly record on-behalf grant activity	Yes	
2007-002	Ohio Revised Code § 5705.36(A)(1), failure to prepare certificates of estimated resources	Yes	
2007-003	Ohio Revised Code § 5705.38(A), failure to pass appropriations	Yes	
2007-004	Ohio Revised Code § 5705.41(B), failure to appropriate expenditures	No	Not corrected – reissued as Finding 2009-001
2007-005	Ohio Revised Code § 5705.41(D), failure to properly certify funds	No	Not corrected – reissued as Finding 2009-002
2007-006	Ohio Administrative Code § 117-2-02(C)(1), failure to post budgetary data to the accounting system	No	Not corrected – reissued as Finding 2009-003





**Mary Taylor, CPA**  
Auditor of State

**PREBLE COUNTY PARK DISTRICT**

**PREBLE 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  
AUGUST 3, 2010**