



**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**



**Dave Yost • Auditor of State**



**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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# Dave Yost • Auditor of State

Cardington-Lincoln Joint Recreation District  
Morrow County  
P.O. Box 10  
Cardington, Ohio 43315

To the Recreation Board:

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.

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

**Dave Yost**  
Auditor of State

September 21, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Cardington-Lincoln Joint Recreation District  
Morrow County  
P.O. Box 10  
Cardington, Ohio 43315

To the Recreation Board:

We have audited the accompanying financial statements of the Cardington-Lincoln Joint Recreation District, Morrow 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.

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient evidence to support the completeness of charges for services receipts comprising 34% of total cash receipts in the General Fund for 2009, nor were we able to satisfy ourselves as to those receipts by other auditing procedures.

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 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.

In addition, in our opinion, except for the effects of not being able to obtain sufficient evidence regarding General Fund charges for services for 2009, as described in the third paragraph, the financial statements referred to above present fairly, in all material respects, the 2009 General Fund cash balance of the Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, as of December 31, 2009, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the General Fund as of December 31, 2010, and the respective cash balances of the Debt Service Fund as of December 31, 2010 and 2009, of the Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, and the respective 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 September 21, 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.



**Dave Yost**  
Auditor of State

September 21, 2011

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 29,329	\$ 73,205	\$ 102,534
Charges for Services	26,685	-	26,685
Intergovernmental	5,677	14,190	19,867
Earnings on Investments	1,382	204	1,586
Miscellaneous	1,790	-	1,790
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	64,863	87,599	152,462
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Conservation/Recreation:			
Salaries	23,394	-	23,394
Materials and Supplies	11,615	-	11,615
Contracts - Repair	6,930	-	6,930
Contracts - Services	2,509	-	2,509
Advertising and Printing	93	-	93
Utilities	4,751	-	4,751
Other	4,137	1,103	5,240
Debt Service:			
Redemption of Principal	-	13,919	13,919
Interest and Other Fiscal Charges	-	402	402
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,429	15,424	68,853
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	11,434	72,175	83,609
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	27,477	64,627	92,104
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 38,911</u></b>	<b><u>\$ 136,802</u></b>	<b><u>\$ 175,713</u></b>

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

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW 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>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 29,252	\$ 73,048	\$ 102,300
Charges for Services	20,354	-	20,354
Intergovernmental	5,620	14,053	19,673
Earnings on Investments	4,325	1,539	5,864
Miscellaneous	422	-	422
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	59,973	88,640	148,613
<b>Cash Disbursements:</b>			
Current:			
Conservation/Recreation:			
Salaries	20,530	-	20,530
Materials and Supplies	15,105	-	15,105
Contracts - Repair	3,769	-	3,769
Contracts - Services	7,085	-	7,085
Utilities	7,535	-	7,535
Other	5,666	33	5,699
Capital Outlay	192,889	-	192,889
Debt Service:			
Redemption of Principal	-	236,192	236,192
Interest	-	7,363	7,363
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	252,579	243,588	496,167
Total Receipts (Under) Disbursements	(192,606)	(154,948)	(347,554)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	220,083	219,575	439,658
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 27,477</u></b>	<b><u>\$ 64,627</u></b>	<b><u>\$ 92,104</u></b>

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

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 21, 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 Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, (the District) as a body corporate and politic. The District is directed by a five-member Recreation Board appointed by the Board of Education of the Cardington-Lincoln Local School District and the mayor of the Village of Cardington. The District equips, operates and maintains a park, playground, and swimming pool.

The District management believes these financial statements present all activity 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

The District maintains an interest bearing checking account, a payroll checking account, and a money market depository account.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments 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. Debt Service Fund**

The debt service fund accounts for resources the District accumulates to pay bond and note debt. The District had the following significant Debt Service Fund:

Bond Levy Fund – This fund receives proceeds from taxes levied for the repayment of bonds, notes, and certificates of indebtedness.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

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

**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 level of control, and appropriations may not exceed estimated resources. The Recreation Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

**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 encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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**

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

	<u>2010</u>	<u>2009</u>
Deposits	\$175,713	\$92,104

Deposits are insured by the Federal Depository Insurance Corporation.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

**3. Budgetary Activity**

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,000	\$64,863	\$32,863
Debt Service	80,000	87,599	7,599
Total	\$112,000	\$152,462	\$40,462

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,897	\$53,429	\$468
Debt Service	38,145	15,424	22,721
Total	\$92,042	\$68,853	\$23,189

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,000	\$59,973	\$27,973
Debt Service	75,000	88,640	13,640
Total	\$107,000	\$148,613	\$41,613

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,234	\$252,579	(\$198,345)
Debt Service	38,145	243,588	(205,443)
Total	\$92,379	\$496,167	(\$403,788)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$198,345 and in the Debt Service fund by \$205,443 for the year ended December 31, 2009. Expenditures also exceeded appropriations in the General Fund personal services line item by \$2,394 at December 31, 2010. Also contrary to Ohio law, the District posted Debt Service tax and intergovernmental receipts to the General Fund, and posted General Fund capital outlay expenditures to the Debt Services fund.

**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.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

**4. Property Tax (Continued)**

Public utilities are also taxed on personal and real property located within the District.

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.

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

**5. Social Security System**

All District employees work on a temporary, part-time basis during the summer months, and pay into Social Security. The District's liability is 6.2 percent of wages paid.

**6. Risk Management**

The District has obtained commercial insurance for the following risks:

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



# Dave Yost • Auditor of State

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

Cardington-Lincoln Joint Recreation District  
Morrow County  
P.O. Box 10  
Cardington, Ohio 43315

To the Recreation Board:

We have audited the financial statements of the Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 21, 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. Additionally, we qualified our opinion on the General Fund charges for services because we were unable to determine the completeness of those receipts for 2009. 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 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 2010-001 through 2010-003 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. 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 2010-002 through 2010-005.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 21, 2011.

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

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



**Dave Yost**  
Auditor of State

September 21, 2011

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Material Weakness – Pool Receipt Supporting Documentation**

The District operates and manages the Cardington Pool. For 2009, the District could not provide any documentation to support daily pool receipts of \$20,354, such as register tapes for admissions and concessions, daily reconciliation sheets, or documentation of head counts and season passes issued. District officials indicated that documents supporting 2009 daily pool receipts were maintained during the 2009 pool season; however, these records have either been misplaced or disposed of since that time.

Failure to maintain such supporting documentation for daily pool receipts limits the ability of the District's Board and management to ensure the completeness and accuracy of such receipts. Lack of supporting documentation over pool receipts also increases the likelihood of undetected fraud, illegal activity, or misuse of the District's assets. Additionally, in the absence of such underlying supporting documentation, the audit opinion was qualified because sufficient assurance could not be obtained over the completeness of reported 2009 pool receipts (charges for services) in the General Fund and we were not able to satisfy ourselves as to the completeness of those receipts by other auditing procedures.

We recommend the District maintain appropriate supporting documentation for daily pool receipts. This information should be maintained in accordance with an approved records retention schedule and until such documentation has been subject to external audit.

**Officials' Response:**

The District acknowledges the lack of supporting documentation of the pool receipts for 2009. A new procedure has been implemented for end of season records. At the end of each season the pool manager will turn in all original receipts and cash register tapes to the Fiscal Officer of the Village of Cardington. These records will be stored at the Village for future audits. 2011 records are already on file with the Village.

**FINDING NUMBER 2010-002**

**Material Noncompliance / Material Weakness – Receipt Posting**

Ohio Rev. Code Section 5705.10(C) states that all revenue that is derived from a special levy is to be credited to a special fund for the purpose for which the levy is made. Additionally, section (D) states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The District posted Debt Service Fund tax receipts to the General Fund in the amounts of \$551 and \$2,813 for 2010 and 2009, respectively. The District also posted Debt Service Fund intergovernmental receipts to the General Fund in the amounts of \$14,190 and \$14,053 for 2010 and 2009, respectively.

We recommend the District ensure receipts are properly posted to the correct fund in the accounting system in accordance with the Ohio Revised Code.

The District has posted these adjustments to the accounting records and the adjustments are reflected in the accompanying financial statements.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Material Noncompliance / Material Weakness – Receipt Posting (Continued)**

**Officials' Response:**

The current Fiscal Officer has been advised of the proper posting procedure. As of 2011, there are no longer any Bond Levy proceeds being collected. The Fiscal Officer will make the proper postings if there are Bond Levy proceeds in the future.

**FINDING NUMBER 2010-003**

**Material Noncompliance / Material Weakness – Expenditure Posting**

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund was established.

This District has established a Bond Levy Fund to receive proceeds from taxes levied for the repayment of bonds, notes, and certificates of indebtedness. During 2009, the District posted \$15,167 to the Bond Levy Fund in capital outlay expenditures which should have been posted to the General Fund.

We recommend the District ensure expenditures are properly posted to the correct fund in the accounting system in accordance with the Ohio Revised Code.

The District has posted this adjustment to the accounting records and the adjustment is reflected in the accompanying financial statements.

**Officials' Response:**

The expenditure postings are noted and are corrected as part of the audit adjustments. Future expenses from the Debt Service Fund will be monitored.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-004**

**Material Noncompliance – Expenditures Exceed Appropriations**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to spend money unless it has been appropriated.

Furthermore, Ohio Rev. Code 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

At December 31, 2009, the General Fund and Debt Service Fund had expenditures in excess of appropriations in the amounts of \$198,345 and \$205,443, respectively. The District's appropriation measures meet the minimum legal level of control by appropriating by fund and for appropriating separately for the personal services line item; however, at December 31, 2010, expenditures exceeded appropriations for this line item by \$2,394 in the General Fund.

We recommend the District closely monitor expenditures in respect to appropriations to ensure expenditures do not exceed appropriations. If necessary and appropriate, the Board may increase expenditure levels by approving supplemental appropriations.

**Officials' Response:**

The Board and Fiscal Officer will monitor appropriations and expenditures more closely. Currently 2011 appropriations are in compliance.

**FINDING NUMBER 2010-005**

**Material Noncompliance – Certification of Expenditures**

Ohio Rev. Code Section 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 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. Every such contract made without such a certificate shall be 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 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.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Material Noncompliance – Certification of Expenditures (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 Fiscal Officer 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 Officer’s 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 Fiscal Officer did not certify that the funds are or will be available prior to obligation by the District for 73% of transactions tested in 2009 and 2010. 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 Fiscal Officer 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.

**Officials’ Response:**

In 2011, action has been taken to remedy this situation by using Blanket Purchase Orders and the Then and Now Certifications. The Board of Trustees has been advised of purchasing requirements.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

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>
2008-001	Pool Receipt Supporting Documentation	No	Not Corrected. Comment is being repeated as finding number 2010-001.
2008-002	Monitoring Budget Versus Actual Information	Yes	
2008-003	Annual Appropriation Measure	Yes	
2008-004	Certificate of Available Revenue	Yes	
2008-005	Certification of Expenditures	No	Not Corrected. Comment is being repeated as finding number 2010-005
2008-006	Receipt Posting	No	Not Corrected. Comment is being repeated as finding number 2010-002
2008-007	Accounting Records	Yes	
2008-008	Expenditures Exceed Appropriations	No	Not Corrected. Comment is being repeated as finding number 2010-004.

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# Dave Yost • Auditor of State

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT**

**MORROW 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  
OCTOBER 13, 2011**