



**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010-2008



Dave Yost • Auditor of State

**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

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Dave Yost • Auditor of State

Centerburg Joint Recreation District
Knox County
P.O. Box 161
Centerburg, Ohio 43011

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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

July 25, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Centerburg Joint Recreation District
Knox County
P.O. Box 161
Centerburg, Ohio 43011

To the Board of Trustees:

We have audited the accompanying financial statement of Centerburg Joint Recreation District, Knox County, Ohio, (the District) as of and for the years ended December 31, 2010, 2009 and 2008. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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.

GAAP requires 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 statement referred to above for the years ended December 31, 2010, 2009 and 2008 does 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, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of Centerburg Joint Recreation District, Knox County, Ohio, as of December 31, 2010, 2009 and 2008, and its 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 25, 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

July 25, 2011

**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE**

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009, AND 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash Receipts:			
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000
 Total Cash Receipts	 <u>10,000</u>	 <u>10,000</u>	 <u>10,000</u>
Cash Disbursements:			
Current Disbursements:			
Conservation/Recreation:			
Materials and Supplies	875	425	-
Contracts - Services	4,321	2,944	129
Advertising and Printing	-	351	-
Other	1,535	735	61
Capital Outlay	<u>475</u>	<u>-</u>	<u>-</u>
 Total Cash Disbursements	 <u>7,206</u>	 <u>4,455</u>	 <u>190</u>
 Total Receipts Over/(Under) Disbursements	 2,794	 5,545	 9,810
 Cash Balances, January 1	 <u>15,355</u>	 <u>9,810</u>	 <u>-</u>
 Cash Balances, December 31	 <u>\$ 18,149</u>	 <u>\$ 15,355</u>	 <u>\$ 9,810</u>

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

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**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2010, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio, Ohio Rev Code Section 755.14, establish the rights and privileges of the Centerburg Joint Recreation District, Knox County, Ohio, (the District) as a body corporate and politic. The District is jointly governed by the Centerburg Local School District, Village of Centerburg, Hilliar Township, Liberty Township, and Milford Township. Each Township appoints one board member of the Board, Village of Centerburg appoints one board member, and the School District appoints one board member, for a total of five board members. The District provides the means to consolidate recreational facilities, equipment and programs for increased efficiency, reduced expenses more equitable participation, support and management.

The District management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

This financial statement follows 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

The District maintains a checking account.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its fund into the following type:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

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 object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2010, 2009 AND 2008
(Continued)**

1. Summary of Significant Account Policies (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made.

The District did not follow budgetary requirements relating to the establishment of appropriations, estimated resources, and encumbrances.

A summary of 2010, 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 statement does not report these items as assets.

2. Cash

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2010	2009	2008
Demand deposits	\$18,149	\$15,355	\$9,810

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010, 2009 and 2008 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,500	\$10,000	(\$500)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,800	\$7,206	(\$3,406)

**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2010, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$10,000	\$10,000

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$4,455	(\$4,455)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,200	\$10,000	(\$1,200)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$190	(\$190)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$3,406, \$4,455, and \$190 for the years ended December 31, 2010, 2009 and 2008, respectively.

4. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Property and general liability; and
- Errors and omissions.

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

Centerburg Joint Recreation District
Knox County
P.O. Box 161
Centerburg, Ohio 43011

To the Board of Trustees:

We have audited the financial statement of Centerburg Joint Recreation District, Knox County, Ohio, (the District) as of and for the years ended December 31, 2010, 2009 and 2008, and have issued our report thereon dated July 25, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 25, 2011.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

July 25, 2011

**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Noncompliance

Ohio Revised Code § 5705.36(A)(1) states that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority. In addition Ohio Revised Codes Sections 5705.36(A)(3) and 5705.36(A)(4) provide provisions for amending the certified revenue of the subdivision during the fiscal year.

Ohio Revised Code § 5705.38(A) states that on or about the first day of each year, the subdivision shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been appropriated.

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. If no certificate is furnished as required, upon receipt by the taxing authority of the subdivision or taxing unit of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution or ordinance shall be passed within thirty days after the taxing authority receives such certificate; provided that, if the amount involved is less than one hundred dollars in the case of counties or three thousand dollars in the case of all other subdivisions or taxing units, the fiscal officer may authorize it to be paid without such affirmation of the taxing authority of the subdivision or taxing unit, if such expenditure is otherwise valid.

The District was not in compliance with the above mentioned Ohio Revised Code Sections as follows:

- The District did not follow the encumbrance method of accounting during the audit period of January 1, 2008 through December 31, 2010.
- The District fiscal officer did not establish estimated resources in 2009.

**CENTERBURG JOINT RECREATION DISTRICT
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-001 (Continued)

Material Noncompliance (Continued)

- The District Board did not establish and approve an appropriation measure in 2009 and 2008 resulting in all of the expenditures exceeding appropriations.
- At December 31, 2010 expenditures exceeded appropriations by \$3,406.

Failure to establish estimated resources, to approve appropriations, monitor expenditures against the appropriations approved, and to properly certify the availability of funds can result in overspending and negative cash fund balances.

We recommend the District approve an appropriation measure prior to paying any expenditure from the District's funds and note such approval in the minutes of the Board. We also recommend the District certify the total amount available for expenditure on or about the first day of each fiscal year. In addition, we recommend the District officials obtain the Treasurer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Treasurer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.51(D) are satisfied. The Treasurer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Official's Response

The Centerburg Joint Recreation District Board acknowledges your schedule of findings and agrees with your findings of non-compliance. The Board will endeavor to address all of the material non-compliance items identified.



Dave Yost • Auditor of State

CENTERBURG JOINT RECREATION DISTRICT

KNOX 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 16, 2011**