



Dave Yost • Auditor of State

**BELMONT PARK DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

Belmont Park District
Belmont County
45300 Roscoe Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement 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 statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

June 29, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Belmont Park District
Belmont County
45300 Roscoe Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the accompanying financial statement of the Belmont Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010. 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 this financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the District to reformat their statement. 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 report 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, 2011 and 2010 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, 2011 and 2010, 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 the Belmont Park District, Belmont County, Ohio, as of December 31, 2011 and 2010, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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As described in Note 1D, the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As discussed in Note 6, the District has suffered recurring losses from operations. The financial statement does not include any adjustments that might result from the outcome of these uncertainties. As of June 29, 2012, management has not developed plans to address these conditions.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Dave Yost
Auditor of State

June 29, 2012

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Cash Receipts:		
Charges for Services	\$72,990	\$54,958
Intergovernmental	17,729	19,655
Earnings on Investments		4
Donations from Belmont County Tourism Council	28,000	33,000
Miscellaneous	7,997	1,804
<i>Total Cash Receipts</i>	126,716	109,421
Cash Disbursements:		
Current:		
Conservation/Recreation:		
Salaries	37,390	21,203
Supplies	3,443	12,505
Equipment	539	
Repairs	21,166	20,513
Permits, Dues, License		675
Advertising and Printing		2,429
Utilities	44,705	33,721
Other	20,734	14,009
<i>Total Cash Disbursements</i>	127,977	105,055
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	(1,261)	4,366
<i>Cash Balance, January 1</i>	4,385	19
Cash Balance, December 31		
Unassigned (Deficit)	3,124	4,385
<i>Cash Balance, December 31</i>	\$3,124	\$4,385

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

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**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011 AND 2010**

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 Belmont Park District, Belmont County, Ohio (the District), as a body corporate and politic. The probate judge of Belmont County appoints a five-member Board of Commissioners to govern the District. The District was formed to develop the Belmont County Fairgrounds.

The District's 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. Budgetary Process

The Ohio Revised Code requires the District to budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. For 2011, encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not use the encumbrance method of accounting in 2010.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Cash Balance

Cash balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental resources. The classifications are as follows:

1. Nonspendable

The District classifies cash balance as *nonspendable* when legally or contractually required to maintain the amount intact.

2. Restricted

Cash balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Commissioners can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned cash balance is intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. *Assigned* amounts represent intended uses established by District Commissioners or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned cash balance is the residual classification for the cash balance and includes amounts not included in the other classifications.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted cash balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted cash balance classifications could be used.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. 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. Deposits

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

	2011	2010
Demand deposits	\$3,124	\$4,385

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010, follows:

2011 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
	Receipts	Receipts	Variance
	\$137,500	\$126,716	(\$10,784)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
	Authority	Expenditures	Variance
	\$131,885	\$127,977	\$3,908

2010 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
	Receipts	Receipts	Variance
	\$72,450	\$109,421	\$36,971

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
	Authority	Expenditures	Variance
	\$71,000	\$105,055	(\$34,055)

Contrary to Ohio law, actual expenditures exceeded appropriation authority for the years ended December 31, 2011 and 2010, within several object line items, which is the legal level of control.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Retirement Systems

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

5. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

The District is covered for the James Carnes Center building and its contents under the Belmont County Risk Sharing Authority (CORSA) Insurance.

6. Financial Difficulties

The District has suffered recurring losses from operations. The District contracted with the Belmont County Tourism Council in 2011 and 2010 for donations to the District to support funding for the hiring of the new general manager and additional support for operating expenses. Any discontinuance of Tourism Council donations could have a material adverse effect on the overall financial position of the District.



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*

Belmont Park District
Belmont County
45300 Roscoe Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the financial statement of the Belmont Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 29, 2012, 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 and wherein we also noted, the District has adopted Governmental Accounting Standards Board Statement No. 54. We also noted the District is experiencing financial difficulties. 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 statement, 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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-003 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statement is 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 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 29, 2012.

The District's response finding 2011-001 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, the Board of Park Commissioners, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

June 29, 2012

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The use of public funds to purchase alcohol will be considered arbitrary and incorrect and will be cited by the Auditor of State’s Office.

The Park District purchased alcohol at Walmart in the amount of \$24 for the Bridal Expo held at the James Carnes Center on January 28, 2011. The Park District also purchased alcohol from Muxie Distributing Company in the amount of \$609, of which \$335 was for a security deposit which was repaid, leaving a balance of \$274 for Pre-Jamboree in the Hills Parking on July 7, 2011.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Chris Orris, Park District General Manager, in the amount of \$298 and in favor of the Belmont Park District General Fund, in the amount of \$298.

We brought this matter to the Park District’s attention. On April 10, 2012, Chris Orris repaid the Park District in the amount of \$298, by personal check #918.

Officials’ Response: Mr. Orris was acting on a decision voted upon by the Park Board as the Board was aware of the sale of alcohol and they fully supported the motion.

FINDING NUMBER 2011-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

At December 31, 2011, the following line item accounts had expenditures that exceeded appropriations: Supplies by \$9,039, Repairs by \$513, Permits, Dues, License by \$675, and Advertising and Printing by \$2,429.

At December 31, 2010, expenditures exceeded appropriations in total by \$34,055. The following line item accounts also had expenditures that exceeded appropriations: Salaries by \$32,390, Supplies by \$1,443, Utilities by \$14,705, and Other Expenditures by \$15,734.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-002 (Continued)

Noncompliance Citation

For 2010, the District Treasurer did not require the certification of available funds before the District incurred an obligation. The District Treasurer's failure to properly certify the availability of funds can result in budgetary overspending. For 2011, the District did utilize the encumbrance method of accounting.

We recommend the District Treasurer require prior certification of available funds before the District incurs an obligation. The District Treasurer should compare expenditures to available appropriations before the expenditure is certified. The District Treasurer should deny payment requests exceeding appropriations.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2011-003

Significant Deficiency

The District uses the James E. Carnes Center building grounds for parking of recreational vehicles, campers, etc. the week prior to the Jamboree In the Hills music festival. Each customer renting camping spaces at the Center must pay for a parking permit and receives a parking tag to display in their vehicle. These parking tags should be pre-numbered prior to the District distributing them to customers on event days. The District also sells ice, raffle tickets, beer, collects donations and tips, and charges for car parking on the campgrounds as well.

For camper parking, permits are distributed and money is collected in advance and/or during each day of this event. Our review of pre-jamboree parking permit sales revealed the following weaknesses:

1. Not all parking permits and duplicate receipts could be matched. There were more parking permits than there were duplicate receipts on file.
2. No documentation was maintained as to which volunteer parking permits were issued to, how many permit batches each volunteer had, or how much revenue each volunteer collected.
3. No reconciliation was performed between the number of parking permits sold and the amount of revenue collected each day of the event.
4. Pre-numbered parking tickets were not issued. Instead, numbers were hand-written on each parking ticket. While the District maintains a separate receipt book with pre-numbered receipts for the cash collections for the parking permits, the original source document (parking permits) should also be pre-numbered and document which receipt number the permit pertains to for comparability to the receipt book.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-003 (Continued)

Significant Deficiency (Continued)

As for the other sales occurring during this event week, we noted the following issues:

1. A raffle for Jamboree In the Hills tickets was held during this event of which no supporting documentation was maintained in the form of the number of tickets sold, ticket prices charged, and duplicate receipts issued for ticket sales collected. Also, no Board approval to conduct this fund raiser was noted in the minutes.
2. The District also conducted ice and beer sales, and car parking permits sales during this event. The District Treasurer maintained duplicate receipts for the ice and car parking permit sales receipts. However, no other form of supporting documentation was maintained to properly account for the ice and beer sales or car parking permits issued. Also, no formal documentation was noted in the minutes as approved by the Board for the prices charged for the ice and beer sales and car parking permits.

Failure to properly document the number of parking patrons through the use of pre-numbered parking permits and other event tickets makes these cash receipts highly susceptible to theft and increases the loss of accountability. Also, by not establishing prices for the various sales conducted, various rates could be charged which may not be correct or the intent of the Board.

We recommend that all parking permits and other event tickets issued to individual sellers be pre-numbered and accounted for using a log, which documents the individual seller, the pre-numbered permits/tickets were issued to them, the date issued, the number of permits/tickets sold, and the amount of money collected each day. We also recommend a reconciliation form be established and completed to ensure the amount collected agrees to the number of parking permits and other event tickets issued. This form should be completed and signed by the individual selling the parking permits and other tickets and reviewed and approved by a designated District employee. The monies collected along with the reconciliation form(s) should be deposited with the District Treasurer and the District Treasurer should issue a pre-numbered duplicate receipt to the District employee remitting the money.

Officials' Response: We did not receive a response from Officials to this finding.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 5705.41(D)(1) – Prior certification of availability of funds prior to incurring obligations.	No	Partially Corrected; Reissued in the Management Letter.
2009-002	Ohio Rev. Code Section 5705.41(B) – Expenditures exceeding appropriations.	No	Not Corrected; Reissued as Finding 2011-003.
2009-003	Significant Deficiency – Budgetary integration into manual accounting system.	No	Partially Corrected; Reissued in the Management Letter.



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BELMONT PARK DISTRICT

BELMONT 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
JULY 26, 2012**