



Mary Taylor, CPA
Auditor of State

**BELMONT PARK DISTRICT
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

Belmont Park District
Belmont County
70101 Kagg Hill 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 statements due to a February 2, 2005 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 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 27, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Belmont Park District
Belmont County
70101 Kagg Hill Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Belmont Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004. 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 paragraphs, 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 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statement. Since this District does not use GAAP to measure financial statement amounts, 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 fourth 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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position for the years then ended.

We were unable to determine the completeness, occurrence, allocation and rights and obligations of Jamboree parking fee receipts recorded in 2005, nor were we able to satisfy ourselves as to those receipts by other auditing procedures. The Jamboree parking fee receipts represent 23% of total receipts for the year ended December 31, 2005.

In addition, we were unable to determine the completeness, occurrence, allocation and rights and obligations of Facility rent receipts recorded in 2005 and 2004, nor were we able to satisfy ourselves as to those receipts by other auditing procedures. The facility rent receipts represent 24% and 17% of total receipts for the years ended December 31, 2005 and 2004, respectively.

Also, in our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary, had we been able to obtain the information and documentation to support Jamboree parking fee receipts in 2004 and Facility rent receipts in 2005 and 2004, the financial statements referred to above presents fairly, in all material respects, the cash fund balances of Belmont Park District, Belmont County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The accompanying financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 8 to the financial statements, the District is delinquent in paying approximately \$341,766 to various vendors who were contracted to construct its building project. Existence of this liability raises substantial doubt about the District's ability to continue as a going concern. Management's plan in regards to this liability is described in Note 9 to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 27, 2007, 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.



Mary Taylor, CPA
Auditor of State

July 27, 2007

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005
Cash Receipts:	
Local Government allocated from Belmont County	\$32,022
Facility Rent	16,350
Jamboree Parking Fees	15,670
Circus Fees	2,139
Investment Income	17
Other Receipts	1,347
 Total Cash Receipts	 67,545
Cash Disbursements:	
Current:	
Salaries - Employees	15,895
Supplies	7,109
Equipment, Furniture & Fixtures	540
Contracts - Repair	3,299
Contracts - Services	3,337
Advertising and Printing	274
Utilities	20,775
Ohio Carpenters Health & Welfare Fund	1,600
Jamboree Parking	3,441
Capital Outlay	12,500
Other	418
 Total Cash Disbursements	 69,188
 Total Cash Receipts Over/(Under) Cash Disbursements	 (1,643)
 Cash Balance, January 1	 3,008
 Cash Balance, December 31	 \$1,365

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

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>
Cash Receipts:	
Local Government allocated from Belmont County	\$32,011
Facility Rent	8,550
Investment Income	16
Gifts and Donations	604
Contracts - Services	5,000
Other Receipts	<u>4,853</u>
Total Cash Receipts	<u>51,034</u>
Cash Disbursements:	
Current:	
Salaries - Employees	6,178
Supplies	1,498
Equipment	16,038
Contracts - Repair	290
Contracts - Services	5,171
Rentals	680
Advertising and Printing	86
Travel	125
Utilities	20,632
Ohio Carpenters Health & Wealth Fund	1,400
Other	<u>2,735</u>
Total Cash Disbursements	<u>54,833</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,799)</u>
Fund Cash Balance, January 1 (Restated, See Note 3)	<u>6,807</u>
Fund Cash Balance, December 31	<u><u>\$3,008</u></u>

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

**BELMONT PARK COUNTY
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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

The District's management believes the financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

The financial statements follow the basis of accounting 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).

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

C. Budgetary Process

The Ohio Revised Code requires the Board of Commissioners 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. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. 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.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not use the encumbrance method of accounting.

A summary of 2005 and 2004 budgetary activity appears in Note 4.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$1,365	\$3,008

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

3. PRIOR PERIOD RESTATEMENT

For the year ended December 31, 2003, an adjustment resulted in cash fund balance restatement.

Fund Balances at December 31, 2003	Restatement Amount	Fund Balances at January 1, 2004
\$4,872	\$1,935	\$6,807

The change in cash fund balance is the result of a bank account not being included in the cash fund balance in the previous audit.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$83,000	\$67,545	(\$15,455)
2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$83,000	\$69,188	\$13,812
2004 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$397,900	\$51,034	(\$346,866)

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
\$402,700	\$54,833	\$347,867

Contrary to Ohio law, expenditures were greater than appropriations at the legal level of control for 2005 and 2004.

Contrary to Ohio law, expenditures were paid in cash and not by a proper warrant drawn against the District's funds.

Contrary to Ohio law, the District incurred obligations before obtaining the Clerk's prior certification.

Contrary to Ohio law, the District did not deposit collections in excess of \$1,000 the next business day.

Contrary to Ohio law, the District did not integrate budgetary accounts into the financial accounting system.

5. DEBT

The District issued a mortgage note in the amount of \$178,382, with interest at the rate of 7% per annum, to the general contractor, Grae-Con Construction on the James E. Carnes Center community building project. The contractor accepted the note in lieu of immediate payment. The principal sum and accrued interest was due payable in full on or before September 1, 2004. The District defaulted on this note. The note was not renewed and the contractor filed a civil suit, in the Belmont County Common Pleas Court, against the District. During 2005, the District paid \$11,900 to the general contractor towards the balanced owed.

United Glass and Panel Systems, Inc. filed action against the Belmont Park District in Case No. 04 CV 0345 in 2005 for judgment in the amount of \$21,526.70, plus interest at the applicable statutory rate. This matter was settled with a Confession of Judgment with board paying \$300 a month toward the judgment. During 2005, the District paid \$600 toward the judgment.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Errors and omissions.

7. CONTINGENT LIABILITIES

On March 15, 2004, the District issued a mortgage note in the amount of \$178,382, with interest at the rate of 7% per annum, to Grae-Con Construction, the general contractor of James E. Carnes Center community building. The contractor accepted the note in lieu of immediate payment. The principal sum and accrued interest was due payable in full on or before September 1, 2004. The District defaulted on the note. Legal counsel for Grae-Con Construction has threatened foreclosure.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. CONTINGENT LIABILITIES (Continued)

The following contractors on the Carnes Center Community Building are owed the approximate amounts, as prepared by the Belmont Park District. Only Grae-Con and United Glass and Panel Systems, Inc. filed suit, but the right to do so remains viable for the other contractors.

Contractor	Balance Due
Grae-Con	\$178,382
H.E. Neuman Plumbing	\$35,645
A.E. Pelly Heating	\$28,096
C&C Electric	\$21,278
United Glass and Panel Systems, Inc	\$21,527
Karris Painting	\$2,640
Mansuetto Roofing	\$13,500

8. GOING CONCERN

During the prior audit period, the District owed approximately \$357,266 to various vendors whom the District contracted with to construct the James E. Carnes Center community building. The District run out of funds to pay the balance owed to these vendors. During 2005, the District made payments in the amount of \$12,500 to Grae-Con Construction, the general contractor and \$3,000 toward other contractors for work completed on the building project. This leaves a cumulative balance of \$341,766 due to contractors at December 31, 2005.

Due to monies owed to various contractors noted above and a cash fund balance of \$1,365 at December 31, 2005, there is substantial doubt about the District's ability to continue as a going concern.

9. SUBSEQUENT EVENTS

During 2006, Grae-Con Construction filed suit in the Common Pleas Court of Belmont County, Case No. 06-CV-395 for monies owed. On January 11, 2007, Grae-Con Construction dismissed case number 06-CV-395 with prejudice. Grae-Con Construction acknowledges that it has been paid in full, and the debt due and owing to it therefore satisfied.

The Belmont County Tourism Council and the Belmont County Fair Board entered into an agreement to contribute monies to satisfy the outstanding creditors and make necessary upgrades to the building and grounds area of the James E. Carnes Center community building. On March 22, 2007, the Belmont County Commissioners paid \$200,000 to the Belmont County Tourism Council, who in turn paid the Belmont Park District \$200,000 to help the District pay its outstanding bills and make necessary upgrades to the building and grounds area.

On March 22, 2007, the Belmont County Commissioners applied and were granted an Ohio Department of Natural Resources Capital Improvement Grant in the amount of \$200,000 which was appropriated by the 127th General Assembly through House Bill No. 699 for the Belmont Carnes Center. Belmont County commissioners received these monies on June 18, 2007 but as of the date of this report have not given any of these funds to the District.



Mary Taylor, CPA

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
70101 Kagg Hill Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the financial statements of the Belmont Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 27, 2007, 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 also qualified our report because we were unable to satisfy ourselves to the completeness, occurrence, allocation, and rights and obligations of Jamboree parking fee receipts in 2005 and Facility rent receipts in 2005 and 2004. In addition, we expressed substantial doubt about the District's ability to continue as a going concern. Except as discussed above, 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with assertions in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 through 2005-011.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable conditions 2005-001 through 2005-008 listed above to be material weaknesses. In a separate letter to the District's management dated July 27, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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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 2005-001 through 2005-006. In a separate letter to the District's management dated July 27, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management and Board. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 27, 2007

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.41(C) prohibits a subdivision or taxing authority from making any expenditure of money except by a proper warrant drawn against an appropriate fund.

During July 2005, the Board approved charging \$15 per camping space per day for pre-Jamboree campers. The District netted the proceeds from the collections by making \$4,855 in cash payments to 15 vendors/workers. By making cash payments, the District has no record that payment was actually made to the vendors/workers for the goods and/or services rendered. The vendor/worker could then claim they did not receive payment and make a second request for payment.

We recommend the District Clerk/Treasurer make expenditures of money on a proper warrant drawn against the District's fund and that such payments are supported by an invoice. All collections should be deposited in the District's bank account.

FINDING NUMBER 2005-002

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.41(D) (1) prohibits a subdivision or taxing authority 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. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time 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 receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 in the case of the District 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. against any specific line item account over a period not running beyond 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. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-002 (Continued)

Noncompliance Citation and Material Weakness (Continued)

Ohio Rev. Code § 5705.41(D) (1) (Continued)

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. No more than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The certification of available funds was not obtained for 100% of transactions tested and there was no evidence of a “Then and Now” certificate being used by the Clerk/Treasurer.

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 exceeding budgetary spending limitations, we recommend that the Clerk/Treasurer certify that 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 that any contracts without a set amount of obligation but with recurring invoices be set up as blankets or super blanket certificates and follow guidelines set forth in Section 5705.41(D). We recommend “contract” purchase orders be used only for those contracts with a specific dollar amount and follow regular purchase order guidelines.

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 Section 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 Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-003

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 9.38 states a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

In July, 2005, the District received \$4,855 for rental of camping spaces during Jamboree in the Hills. The District did not deposit these cash receipts with the Clerk/Treasurer nor were they deposited into the District's designated depository within 24 hours. Not depositing monies received by the District with the District's Clerk/Treasurer or designated depository within 24 hours increases the risk of theft and unaccountability of revenue received.

We recommend the District establish a policy that provides internal control procedures to ensure revenue received by the District is deposited with the Clerk/Treasurer and/or its designated depository in accordance with the abovementioned Ohio Revised Code section. In addition, the policy should address the safeguarding of these revenues until eventual deposit.

FINDING NUMBER 2005-004

Noncompliance Citation and Material Weakness

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

The District's legislative authority passed budgetary receipts and appropriation measures but these budgetary amounts were not posted to the cash receipts ledger and/or disbursements ledgers. By not including budgetary accounts in the ledgers, the District Board does not have an effective system to monitor the budget versus actual receipts and disbursements and make accurate management decisions.

We recommend the District Clerk/Treasurer accurately post estimated revenue as certified by the County Budget Commission and appropriations as approved by the District Board into the cash receipts and disbursements ledgers. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-005

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 145.03 (A) states a public employees retirement system is hereby created for the public employees of the state and of several local authorities mentioned in section 145.01 of the Revised Code. Except as provided in division (B) of this section, membership in the system is compulsory upon being employed and shall continue as long as public employment continues. Section 145.01 (A)(1) defines a “public employee”, in part, as any person holding an office, not elective, under the state or any county, township, municipal corporation, or **park district**.

Ohio Rev. Code § 1545.07 provides that the board may employ a secretary and such other employees as are necessary in the performance of the powers conferred in such sections. The board may appoint a treasurer to act as custodian of the board’s funds and as fiscal officer for the park district.

During the course of the audit, the District had two part-time students as employees. The minutes did not indicate if these employees were hired as independent contractors or employees. If they were employees, we were not provided any OPERS forms completed by the part-time employees. The District did not pay employee and employer shares into the Ohio Public Employees Retirement System (OPERS) during 2004 and 2005. This liability amounted to \$647 and \$1,032, employee and employer shares, respectively in 2005. This liability amounted to \$310 and \$494, employee and employer shares, respectively in 2004. Social Security taxes were withheld from the employee and paid, along with the District’s share of the tax, to the Social Security Administration, which amounted to \$944 and \$480 in 2005 and 2004, respectively. The District also, filed and paid Federal Unemployment Taxes (FUTA) but was not subject to FUTA tax and not required to file. The District paid FUTA taxes of \$375 and \$279 in 2005 and 2004, respectively.

David Burkett was hired as Treasurer on March 2001 as an independent contractor, but the District withheld federal taxes, social security and Medicare from his pay. These payments amounted to \$529 and \$516 in 2005 and 2004, respectively. We were not provided any evidence that the Treasurer’s status as an independent contractor was eventually changed to an employee. Also, we were unsure of the legality of hiring a Treasurer as an independent contractor.

We recommend the District Board contact the Ohio Public Employees Retirement System to obtain membership forms and require the employees to complete the forms to become members. The District should then withhold the required employee contributions from the employees’ wages and remit payment of the employee and employer shares of the retirement to the OPERS. In addition, the Board should clarify with the County Prosecutor whether the Treasurer can be hired an independent contractor.

FINDING NUMBER 2005-006

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been properly appropriated.

At December 31, 2005, expenditures exceeded appropriations at the legal level of control as follows:

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-006 (Continued)

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.41(B) (Continued)

	Appropriations	Expenditures	Variance
Salaries	\$ -	\$ 15,895	\$ (15,895)
Supplies	\$ 3,000	\$ 7,109	(4,109)
Utilities	-	20,775	(20,775)

At December 31, 2004, expenditures exceeded appropriations at the legal level of control as follows:

	Appropriations	Expenditures	Variance
Utilities	\$	\$ 20,632	\$ (20,632)

We recommend the District Clerk/Treasurer monitor expenditures at the legal level of control to ensure expenditures remain within their respective budgeted amounts.

FINDING NUMBER 2005-007

Material Weakness

Receipt Procedures for Rental of Camping Spaces

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. The District should formally establish parking fees to be charged during this event and should establish an effective means by which to document the number of parking patrons using the grounds during the week and to record the monies received.

The District collected \$15,670 in cash for parking during July 2005. Of the cash receipts, \$10,815 was recorded to the 2005 cash receipts ledgers but the \$4,855 that was paid to volunteers as cash payments, was not recorded to the ledgers. Pre-numbered parking tickets were not issued to track the number of parking spaces rented and no pre-numbered duplicate receipts were issued to Clerk/Treasurer when the collections were remitted to the District.

By not formally establishing a schedule of parking fees, parking patrons could be charged varying amounts which may or may not be correct. Failure to properly document the number of the parking patrons through the use of pre-numbered parking tickets makes these cash receipts highly susceptible to theft and increases the loss of accountability. The completeness of the Jamboree parking fees receipts could not be determined due to the lack of supporting documentation.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-007 (Continued)

Material Weakness - Receipt Procedures for Rental of Camping Spaces (Continued)

We recommend the Board of Park Commissioners formally establish a schedule of parking fees for the Jamboree in the Hills pre-event parking. The approved schedule should be documented in the minute record. Also, pre-numbered parking tickets should be issued and a reconciliation form be established and completed to ensure the amount collected agrees to the number of parking tickets issued. This form should be reviewed and approved by a designated District employee. The monies collected along with the reconciliation form should be deposited with the Clerk/Treasurer and the Clerk/Treasurer should issue a pre-numbered duplicate receipt to the District employee remitting the money.

FINDING NUMBER 2005-008

Material Weakness

Building Rental Receipt Procedures

The District rents the James E. Carnes Center Building to various groups or individuals for various functions such as weddings, Christmas parties, banquets, etc. The Board of Park Commissioners has developed a "License Agreement – James E. Carnes Center" to be used for the rental of the facilities. The rental amount per the agreement is \$500 per hall rented. Within the Center there is a North, Middle and South Hall. The halls rented are to be circled indicating the fee to be charged. The agreement is required to be signed by a representative of the group or individual renting the facility and a representative of the District.

The Board of Park Commissioners did not formally approve the rental costs of the James E. Carnes Center Building at their regular monthly meetings. During the audit period, the Board of Park Commissioners rented the building to various groups or individuals and no license agreement was on file for thirty-two of such rentals. License agreements were entered into for fifteen groups or individuals none of which indicated whether one, two or all three of the halls had been rented. Three of the license agreements were not signed by the renter and District representative and one was not signed by the renter. No pre-numbered duplicate receipts were issued when monies were received for the rental of the facility.

By not formally establishing a schedule of rental fees, groups or individuals could be charged varying amounts which may or may not be correct. Failure to properly document the rental of the facility through the license agreements and pre-numbered duplicate receipts makes the rentals highly susceptible to theft and increases the loss of accountability. The completeness of the rental facility receipts could not be determined due to the lack of supporting documentation.

We recommend the Board of Park Commissioners formally establish a schedule of rental fees for the James E. Carnes Center building. The approved schedule should be documented in the minute record. We also recommend that license agreements be entered into for all rentals of the building and that such license agreement be signed and approved by the renter and a District representative. Also, pre-numbered duplicate receipts should be issued for the collection of all rental monies received. Such duplicate receipt numbers, date received and amounts should be documented on each license agreement to ensure the total rental fee has been collected.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-009

Reportable Condition

Complete Voucher Packages

The complete voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, and a copy of the purchase order to document the fiscal officer's prior certification that sufficient appropriations and resources were available to meet the obligation.

The District did not present complete voucher packages to support expenditures. Seven and twenty-three percent of the 2005 and 2004, respectively, the non-payroll disbursements tested did not include the original invoice or supporting documentation. This practice and lack of adequate supporting documentation could result in improper expenditures being paid by the District.

We recommend that expenditures be supported by complete voucher packages, including the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, a copy of the purchase order to document the Treasurer's prior certification, to help ensure that all District expenditures are for goods or services received, properly approved, and for a proper public purpose.

FINDING NUMBER 2005-010

Reportable Condition

Monthly Bank Reconciliations

The District should perform monthly reconciliations of all of its bank balances to the check book balances and the cash ledger balances. These reconciliations should be presented to the Board of Park Commissioners each month for review and approval.

The District performed monthly reconciliations of the premier checking account bank balance and its check book balances. However, the outstanding checks listed on the reconciliations included checks which were not outstanding at the end of the month. There were no monthly reconciliations of the District's public funds savings account, which was closed-out during the audit period. Also, the reconciliations performed were not reconciled to the ledgers. As a result, the District's financial statement balances at December 31, 2005 and December 31, 2004 did not reconcile with the bank account balances and adjustments were required to the financial statements.

We recommend the District Clerk/Treasurer reconcile all of its bank balances to the check book balances and the cash ledger balances on a monthly basis. This would ensure the validity and completeness of all components of the reconciliation. Also, we recommend the monthly reconciliations be presented to the Board of Park Commissioners each month for review and approval. This review and approval should be documented in the minute record of the Board of Park Commissioners' monthly meetings.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

FINDING NUMBER 2005-011

Reportable Condition

Minute Record

The District Board minutes are the formal record of pertinent data and legislative actions taken by the District Board. Once the minutes have been read and approved by the Board, the minutes should be signed by the Board President and Secretary.

The minute record was often vague and/or silent with regards to budgetary procedures, payroll procedures, contract agreements and approvals, and approval of public depositories. During the audit period, the minutes of the monthly meetings were not signed on eight occasions and only the Secretary's signature was evidenced on the remainder of the minutes. Not recording pertinent data and legislative actions of the Board in the minute record resulted in the lack of supporting documentation of the District Board's actions and weakened internal controls over District operations. Not signing the minute record could result in the minute record not being the official complete and accurate account of the meetings of the District Board.

We recommend the District's Secretary take the necessary care in the preparation of the minutes and District Board and Clerk/Treasurer carefully review the minutes to help ensure they are complete and accurate. After the minutes have been read and approved by the District Board, we recommend the Board President and Secretary sign the minute record making them the official record of the Board meetings.

Officials' Response: The officials did not respond to any of the above findings.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Rev. Code § 5705.41(D)(1) not certifying availability of funds prior to incurring obligations.	No	Not corrected; Reissued as Finding Number 2005-002.
2003-002	Ohio Rev. Code § 5705.41(B) not expending money unless it has been appropriated.	No	Not corrected; Reissued as Finding Number 2005-006.



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 18, 2007**