



Mary Taylor, CPA  
Auditor of State



MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – For the Years Ended December 31, 2007 and 2006 .....	5
Notes to the Financial Statement.....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	20

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Martins Ferry Park District  
Belmont County  
P.O. Box 21  
Martins Ferry, Ohio 43935

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

December 30, 2008

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Martins Ferry Park District  
Belmont County  
P.O. Box 21  
Martins Ferry, Ohio 43935

To the Board of Commissioners:

We have audited the accompanying financial statement of the Martins Ferry Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006. 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

The District did not provide adequate supporting documentation for charges for service receipts to enable us to determine the completeness, occurrence, allocation, and rights and obligations of charges for service receipts recorded in the financial statement in 2007 and 2006, nor were we able to satisfy ourselves as to those receipts through the use of alternative procedures. These charges for service receipts represent 38% of the total receipts for the year ended December 31, 2007 and 45% of the total receipts for the year ended December 31 2006.

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.

GAAP require presenting entity-wide statements and also presenting the District's larger (i.e., major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require park 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, because of the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence supporting the completeness, occurrence, allocation, rights and obligations of charges for service receipts for 2007 and 2006, the financial statement referred to above does not present fairly, in all material respects, the cash balance of the Martins Ferry City Park District, Belmont County, Ohio, as of December 31, 2007 and 2006, 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 December 30, 2008, 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

December 30, 2008

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash Receipts:</b>		
Charges for Services	\$50,695	\$68,978
Intergovernmental	78,317	82,911
Miscellaneous	<u>3,510</u>	<u>2,234</u>
Total Cash Receipts	<u>132,522</u>	<u>154,123</u>
<b>Cash Disbursements:</b>		
Current Disbursements:		
Conservation/Recreation	<u>127,491</u>	<u>165,957</u>
Total Cash Disbursements	<u>127,491</u>	<u>165,957</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,031</u>	<u>(11,834)</u>
<b>Other Financing Receipts:</b>		
Other Financing Sources	<u>432</u>	<u>1,311</u>
Total Other Financing Receipts	<u>432</u>	<u>1,311</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	5,463	(10,523)
Cash Balance, January 1	<u>3,630</u>	<u>14,153</u>
<b>Cash Balance, December 31</b>	<b><u><u>\$9,093</u></u></b>	<b><u><u>\$3,630</u></u></b>

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

**This page intentionally left blank.**

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006**

**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 Martins Ferry 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 District is leasing a swimming pool, recreation center, park facilities, and ball fields from the City of Martins Ferry.

The District participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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 that the Board of Commissioners to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Commissioners 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 individual 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 during 2007 and 2006.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(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 statements do not report these items as assets.

**2. Equity in Cash**

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

	2006	2007
Demand deposits	\$3,630	\$9,093

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$155,890	\$132,954	(\$22,936)

2007 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$0	\$127,491	(\$127,491)

2006 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$158,000	\$155,434	(\$2,566)

2006 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$153,000	\$165,957	(\$12,957)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority during 2007 and 2006.

Contrary to Ohio law, the Treasurer did not require prior certification before obligations were made.

Contrary to Ohio law, the Board did not approve any appropriation measure during 2007.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. Retirement System**

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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

**5. Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**Risk Pool Membership**

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. Risk Management (Continued)**

**Risk Pool Membership**

If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$4,000. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2006	\$3,500
2007	\$3,670

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. Risk Management (Continued)**

**Risk Pool Membership (Continued)**

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**This page intentionally left blank.**



# 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*

Martins Ferry Park District  
Belmont County  
P.O. Box 21  
Martins Ferry, Ohio 43935

To the Board of Commissioners:

We have audited the financial statement of the Martins Ferry Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 30, 2008, wherein we issued an adverse opinion because we were unable to satisfy ourselves to the completeness, occurrence, allocation, and rights and obligations of the charges for services receipts. Also, we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-004, 2007-005 and 2007-007.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-004 and 2007-005 are also material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated December 30, 2008.

#### **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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-006.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 30, 2008.

We intend this report solely for the information and use of management and the Board of Commissioners. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 30, 2008

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2007-001**

**Finding for Recovery Repaid Under Audit/Noncompliance Citation/Significant Deficiency**

The District operated the Martins Ferry City Pool during the summer months. For 2007, there were pool concession collections and pool admissions that were collected, but not deposited in the District's bank account. On June 12, 2007, pool concession collections totaled \$415.65. On July 10, 2007, pool admissions totaled \$190.00. On July 13, 2007 pool concession collections totaled \$65.65 and pool admissions totaled \$30.00. The Recreation Director, Dawn Coleman, was responsible for deposit of the monies collected. None of the amounts collected were deposited in the District's bank account, and the District could not account for these monies.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Dawn Coleman, Recreation Director, in the amount of \$701.30, and in favor of the Martins Ferry Park District General Fund.

On January 21, 2009, Dawn Coleman re-paid the Martins Ferry Park District General Fund in the amount of \$710.00, by money order #R100322437666.

**FINDING NUMBER 2007-002**

**Noncompliance Citation**

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

At December 31, 2007, expenditures exceeded appropriations at the legal of control as follows:

	Appropriations	Expenditures	Variance
Conservation/Recreation	\$0	\$127,491	(\$127,491)

At December 31, 2006, expenditures exceeded appropriations at the legal level of control as follows:

	Appropriations	Expenditures	Variance
Conservation/Recreation	\$153,000	\$165,957	(\$12,957)

The Treasurer did not require the certification of purchase orders before the District incurred an obligation. The Treasurer's failure to properly certify the availability of funds can result in budgetary overspending.

We recommend the Treasurer require prior certification of a purchase order before the District incurs an obligation. The Treasurer should compare expenditures to available appropriations before certifying a purchase order. The Treasurer should deny requests for payment when appropriations are not available.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2007-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) 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. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code Sections 5705.41(D)(1) and 5705.41(D)(3).

**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 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 exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate 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.

**3. Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Treasurer did not obtain a prior certification for 100% of 2007 and 2006 transactions tested. We found no evidence of the Treasurer using a "then and now" certificate. Although there was a purchase order for each transaction tested, the invoice date preceded the certification date of the purchase order. The Treasurer's failure to properly certify the availability of funds can result in overspending.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2007-003 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

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

We recommend the District certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 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 Section 5705.41(D) are satisfied. The Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2007-004**

**Noncompliance Citation/Material Weakness**

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Section 117-2-03 of the Administrative Code.

The District's internal control procedures at the swimming pool indicate the use of a cash register to account for swimming pool collections. Each day collections from pool admissions and pool passes were recorded by a cash register and the count out of the cash register drawer was documented on a Cash Report sheet. The Recreation Director reconciled the cash register tapes to the manually prepared Cash Report sheets. The Recreation Director prepared a bank deposit slip and deposited the collections into the bank account. The validated deposit slip was not maintained with the cash register tape and Cash Report sheet.

Although the District maintained cash report sheets, these daily cash count-out sheets were not consistently reconciled to the cash register tapes or deposit tickets. There was no formal documentation that the Pool Manager or Recreation Director reviewed and reconciled the cash register tapes to the actual cash collected. The District did not document who made the bank deposits. In addition, the District did not maintain adequate records to support pool rentals, recreation center rentals and ball field rentals. As a result, pool and recreation revenues may not be properly accounted for.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2007-004 (Continued)**

**Noncompliance Citation/Material Weakness - Ohio Admin. Code Section 117-2-02(A) (Continued)**

We recommend the Recreation Director and/or Pool Manager reconcile the daily cash collected to the cash register tapes and document any variances. These variances should be approved by someone other than the preparer of the reconciliation. In addition, the Pool Manager should initial the pool admittance sheets to indicate these daily count sheets agree with cash register tape. The deposit ticket should be signed by the employee making the deposit and maintained with the cash register tape and Cash Report sheet. Pre-numbered contracts or a ledger book should be maintained to document pool rentals, recreation rentals, and ball field rentals. For each rental, the Recreation Director should provide the renter with a duplicate receipt upon payment.

**FINDING NUMBER 2007-005**

**Noncompliance Citation/Material Weakness**

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The District's internal control procedures at the concession stand indicated the use of a cash register to account for daily concession sales. Each day collections from concession sales were recorded by a cash register and the count out of the cash register drawer was documented on a Cash Report sheet. The Recreation Director or Pool Manager prepared a bank deposit slip and deposits the concession sales into the bank account.

Although the District maintained cash report sheets, these daily cash count-out sheets were not consistently reconciled to the cash register tapes or deposit tickets. There was no formal documentation that the Pool Manager or Recreation Director reviewed and reconciled the cash register tapes to the actual cash collected. The District's cash register did not have pre-programmed keys to differentiate between the items being sold at the concession stand. No manual records were maintained to support which or how many items were sold daily. The District did not maintain any inventory records. The District did not prepare any cost of goods sold to determine if the concession stand was making a profit. As a result, concession revenues may not be properly accounted for.

We recommend the District implement a procedure to record the number and type of items sold in the concession stand each day. The total dollar amount from this daily sheet should be reconciled to the total dollar amount on the cash register tape before the deposit ticket is prepared. Any variances should be documented. Also, the District should maintain a perpetual inventory to allow a cost of goods sold to be performed. The preparation of the cost of goods sold will allow the District to determine if the concession items are properly priced and control theft of inventory items.

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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

**FINDING NUMBER 2007-006**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.38(A) states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based on the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The minute record did not document approval of the 2007 appropriations. We contacted the County Auditor and no appropriation resolution was on file.

We recommend the Board of Commissioners document the approval appropriations as part of the Board meeting and the minutes should document this action.

**FINDING NUMBER 2007-007**

**Significant Deficiency**

The District utilized two cash registers at the swimming pool. One cash register was used for pool admissions and one cash register was used for the concession stand. At the end of the day, each cash register was counted out and the collections were noted on a cash summary report noting the total collected in the cash register drawer and the cash register tape was attached to the cash summary report.

We scheduled out the cash summary reports for June and July 2007 and noted the following:

- For twelve of sixty-one days, there was a concession cash summary report but no admission cash summary report.
- For one of sixty-one days, there was an admission cash summary report but no concession cash summary report.
- For nineteen of sixty-one days, there were no admissions or concession cash summary report.

The District did not maintain any logs to indicate the days the pool was closed or days the pool was closed and the concession stand open for business. We could not determine if cash summary reports were missing or there was no activity.

We recommend the District maintain a pool/concession log that lists each day of the month. Each day on the log should document what activities are ongoing at the pool (i.e., regular admissions, pool party, swim camp, free swim, swim team meet or moon light swim). Also, the weather conditions should be noted for each day and whether the concession stand is open for business on any given day.

**Officials' Response:**

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

**MARTINS FERRY PARK DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Rev. Code Section 5705.41B for expenditures exceeding appropriations.	No	Repeated as Finding 2007-002.
2005-002	Ohio Rev. Code Section 5705.41D for not properly encumbering.	No	Repeated as Finding 2007-003.
2005-003	Material Weakness for not properly documenting charges for services receipts.	No	Repeated as Findings 2007-004 and 2007-005.
2005-004	Reportable Condition regarding budget amounts not posted correctly.	No	Repeated in the Management Letter.



**Mary Taylor, CPA**  
Auditor of State

**MARTINS FERRY 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  
FEBRUARY 3, 2009**