



Dave Yost • Auditor of State

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

Bridgeport Park District
Belmont County
69221 Old Cadiz Road
Bridgeport, Ohio 43912

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.

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Dave Yost
Auditor of State

August 31, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bridgeport Park District
Belmont County
69221 Old Cadiz Road
Bridgeport, Ohio 43912

To the Board of Commissioners:

We have audited the accompanying financial statements of the Bridgeport Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010. 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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 statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Bridgeport Park District
Belmont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances as of December 31, 2011 and 2010 of the Bridgeport Park District, Belmont County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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

August 31, 2012

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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

Cash Receipts	
Intergovernmental	<u>\$17,729</u>
<i>Total Cash Receipts</i>	<u>17,729</u>
Cash Disbursements	
Current:	
Conservation/Recreation:	
Materials and Supplies	544
Insurance	1,000
Contractual Services	<u>1,748</u>
<i>Total Cash Disbursements</i>	<u>3,292</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>14,437</u>
<i>Net Change in Cash Balance</i>	14,437
<i>Cash Balance, January 1</i>	<u>22,337</u>
Cash Balance, December 31	
Unassigned (Deficit)	<u>36,774</u>
<i>Cash Balance, December 31</i>	<u><u>\$36,774</u></u>

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

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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

Cash Receipts:	
Intergovernmental	<u>\$19,655</u>
Total Cash Receipts	<u>19,655</u>
Cash Disbursements:	
Current Disbursements:	
Conservation/Recreation:	
Materials and Supplies	601
Insurance	800
Contractual Services	<u>16,285</u>
Total Cash Disbursements	<u>17,686</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,969</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	1,969
Cash Balance, January 1	<u>20,368</u>
Cash Balance, December 31	<u><u>\$22,337</u></u>

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

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Bridgeport 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 are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Cash Balance

For December 31, 2011, 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-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts 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 fund 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 balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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 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.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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

2. Change in Accounting Principle

For fiscal year 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on cash balances previously reported.

3. Equity in Pooled Deposits

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

	<u>2011</u>	<u>2010</u>
Demand deposits	<u>\$36,774</u>	<u>\$22,337</u>

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

4. Budgetary Activity

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

<u>2011 Budgeted vs. Actual Receipts</u>		
<u>Budgeted</u>	<u>Actual</u>	
Receipts	Receipts	Variance
<u>\$18,000</u>	<u>\$17,729</u>	<u>(\$271)</u>

<u>2011 Budgeted vs. Actual Budgetary Basis</u>		
<u>Expenditures</u>		
<u>Appropriation</u>	<u>Budgetary</u>	
Authority	Expenditures	Variance
<u>\$40,000</u>	<u>\$3,292</u>	<u>\$36,708</u>

<u>2010 Budgeted vs. Actual Receipts</u>		
<u>Budgeted</u>	<u>Actual</u>	
Receipts	Receipts	Variance
<u>\$18,973</u>	<u>\$19,655</u>	<u>\$682</u>

<u>2010 Budgeted vs. Actual Budgetary Basis</u>		
<u>Expenditures</u>		
<u>Appropriation</u>	<u>Budgetary</u>	
Authority	Expenditures	Variance
<u>\$38,000</u>	<u>\$17,686</u>	<u>\$20,314</u>

The District did not utilize purchase orders or budgetary accounting during 2011 or 2010.

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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

5. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- General liability;
- Vehicles; and
- Acts of terrorism.



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

Bridgeport Park District
Belmont County
69221 Old Cadiz Road
Bridgeport, OH 43912

To the Board of Commissioners:

We have audited the financial statements of the governmental activities of the Bridgeport Park District, Belmont County (the District), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 31, 2012, wherein we noted the District follows accounting practices the Auditor of State prescribes rather than accounting principles accepted in the United States of America. We also noted the District has adopted Governmental Accounting Standards Board Statement No. 54. 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 opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed 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 August 31, 2012.

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

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Dave Yost
Auditor of State

August 31, 2012

**BRIDGEPORT 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
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FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Admin. Code §117-2-02(A) provides 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, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Admin. Code §117-2-02(C)(1) provides that all public offices should integrate the budgetary account, 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 balances of appropriations. The legal level of control is the level (e.g. fund, program, or function, department or object) at which spending excess of budgeted amounts would be violation of law. This is established by the level at which the legislative body appropriates. For all public offices subject to the provisions of Chapter 5705 of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in section 5705.38 of the Revised Code.

Ohio Admin. Code Section 117-2-02(C)(2) provides that purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation accounts as required by 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer's certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.

Ohio Admin. Code §117-2-02(D)(2) provides that a receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses, should be used. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

Ohio Admin. Code §117-2-02(D)(3), provides that an appropriation ledger, which may assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution should be used. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The District did not maintain an accounting system and accounting records sufficient to enable the District to monitor the budgetary actions approved by the Board. There was no method established whereby the Board and Fiscal Officer could accurately compare budgeted to actual receipts and file any amended certificates of estimated resources when needed. Disbursements were made without being compared to appropriations before incurring the obligation. Therefore, there was no method established whereby District's management could monitor the types of expenditures being made and the year-to-date expenditures made for any particular expenditure function.

We recommend the Fiscal Officer maintain an accounting system and accounting records as set forth in Ohio Admin. Code §117-2-02, in regards to budgetary accounting.

**BRIDGEPORT 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)
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FINDING NUMBER 2011-02

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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

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 County can authorize the drawing of a warrant for the payment of the amount due. The County has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the County.

2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

The Fiscal Officer did not properly certify the availability of funds prior to purchase commitment for 100% of the 2011 and 2010 District's expenditures tested. There was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**BRIDGEPORT PARK DISTRICT
BELMONT COUNTY**

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

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

FINDING NUMBER 2011-02 (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 funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the 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.

Officials' Response: The officials chose not to respond to the items noted above.

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Dave Yost • Auditor of State

BRIDGEPORT 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, 2012**