



Dave Yost • Auditor of State



**CANTON JOINT RECREATION DISTRICT  
STARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2012 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's 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

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Canton Joint Recreation District  
Stark County  
1414 Market Avenue N.  
Canton, Ohio 44714

To the Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Canton Joint Recreation District, Stark County, (the District) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

Charges for Services are reported at \$234,047, and \$184,865 for the years ended December 31, 2013 and 2012, respectively, which are 21 percent of General Fund receipts for the year ended December 31, 2013, and 15 percent of General Fund receipts for the year ended December 31, 2012. Charges for services receipts include \$84,916 and \$50,098 of concessions and tournament fees for the years ended December 31, 2013 and 2012 respectively, which is 36 percent of total Charges for Services receipts for the year ended December 31, 2013, and 27 percent of total Charges for Services receipts for the year ended December 31, 2012. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as concession and tournament fees. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of Canton Joint Recreation District, Stark County as of December 31, 2013 and 2012, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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  
Columbus, Ohio

April 24, 2015

**This page intentionally left blank.**

**Canton Joint Recreation District**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2013*

	General
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$663,511
Intergovernmental	185,368
Charges for Services	234,047
Rent	44,598
Earnings on Investments	1,714
Miscellaneous	7,062
	1,136,300
<i>Total Cash Receipts</i>	<i>1,136,300</i>
<b>Cash Disbursements</b>	
Current:	
Personal Services	679,405
Contractual Services	134,322
Materials and Supplies	115,566
Repairs and Maintenance	80,763
Capital Outlay	128,698
	1,138,754
<i>Total Cash Disbursements</i>	<i>1,138,754</i>
<i>Net Change in Fund Cash Balances</i>	<i>(2,454)</i>
<i>Fund Cash Balances, January 1</i>	<i>737,419</i>
<b>Fund Cash Balances, December 31</b>	
Assigned	59,665
Unassigned	675,300
	734,965
<i>Fund Cash Balances, December 31</i>	<i>\$734,965</i>

**Canton Joint Recreation District**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2012*

	General
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$776,780
Intergovernmental	233,642
Charges for Services	184,865
Rent	30,721
Earnings on Investments	1,956
Miscellaneous	24,179
	1,252,143
 <b>Cash Disbursements</b>	
Current:	
Personal Services	790,412
Contractual Services	74,980
Materials and Supplies	91,895
Repairs and Maintenance	59,506
Other	21,224
Capital Outlay	196,291
	1,234,308
 <i>Total Cash Receipts</i>	 1,252,143
 <i>Total Cash Disbursements</i>	 1,234,308
 <i>Net Change in Fund Cash Balances</i>	 17,835
 <i>Fund Cash Balances, January 1</i>	 719,584
 <b>Fund Cash Balances, December 31</b>	
Unassigned	\$737,419

**Canton Joint Recreation District  
Stark County, Ohio**

**Notes to the Financial Statements  
December 31, 2012 and 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Canton Joint Recreation District, Stark County, (the District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board, two appointed by the Canton City School District Board of Education and three appointed by the Mayor of the City of Canton. The District provides maintenance and supervision services for all public recreation facilities with the Canton City School District.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D), which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District has one general fund.

**General Fund**

The general fund accounts for and reports all financial resources not accounted for and reported in another fund.

**E. Budgetary Process**

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

**Canton Joint Recreation District  
Stark County, Ohio**

**Notes to the Financial Statements  
December 31, 2012 and 2013**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund 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**

Fund balance is *restricted* when constraints places 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**

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

**Canton Joint Recreation District  
Stark County, Ohio**

**Notes to the Financial Statements  
December 31, 2012 and 2013**

**4. Assigned**

Assigned fund 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. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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 fund 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 fund balance classifications could be used.

**G. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets in the financial statements.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**2. Change in Accounting Principles**

During 2013, the District has implemented Governmental Accounting Standards (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus- an amendment of GASB Statement No. 14 and 34".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. These changes were incorporated in the District's financial statements; however, there was no effect on beginning net positions/fund balance.

**Canton Joint Recreation District  
Stark County, Ohio**

**Notes to the Financial Statements  
December 31, 2012 and 2013**

**3. Equity in Pooled Deposits and Investments**

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

	2013	2012
Demand deposits	\$724,899	\$727,357
STAR Ohio	10,066	10,062
Total deposits and investments	\$734,965	\$737,419

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**4. Budgetary Activity**

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,154,104	\$1,136,300	(\$17,804)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,344,457	\$1,198,419	\$146,038

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,233,000	\$1,252,143	\$19,143

**Canton Joint Recreation District  
Stark County, Ohio**

**Notes to the Financial Statements  
December 31, 2012 and 2013**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,194,695	\$1,270,875	(\$76,180)

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

**6. Retirement Systems**

The District's full-time employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, members of SERS contributed 10 percent of their gross salaries. The District contributed an amount equal to 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**7. Risk Management**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland Marine; and
- Employer's Liability

The District also provides health insurance, dental and vision coverage to full-time employees through a private carrier.

Settled claims have not exceeded this commercial coverage in any of the last three years. The District has not reduced coverages from last year.

**Canton Joint Recreation District  
Stark County, Ohio**

**Notes to the Financial Statements  
December 31, 2012 and 2013**

**8. Litigation**

The District is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.



# Dave Yost • Auditor of State

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

Canton Joint Recreation District  
Stark County  
1414 Market Avenue N.  
Canton, Ohio 44714

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Canton Joint Recreation District, Stark County, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2015. wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and wherein we also noted the District did not have sufficient evidence supporting the amount of concessions and tournament fees reported as charges for services.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider finding 2013-004 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-005 described in the accompanying schedule of findings to be a significant deficiency.

***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, opining 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 2013-001 through 2013-003.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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  
Columbus, Ohio

April 24, 2015

**CANTON JOINT RECREATION DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**Employees' Salaries**

<i>Finding Number</i>	2013-001
-----------------------	----------

NONCOMPLIANCE/FINDING FOR RECOVERY

Nine full-time salaried employees for fiscal year 2012 were overpaid amounts ranging from \$32 to \$330. Due to the first pay in 2012, which was for 2011 hours being paid at the 2012 rate. In addition, during fiscal year 2013, the District underpaid two employees amounts ranging from \$248 (offsetting an overpayment to one of the nine completely) to \$533 (off setting the finding for recovery amount in finding 2013-003).

Employees overpaid and the amounts were as follows: Nadine Sawaya \$93; Loretta King \$330; Lawrence Greathouse \$32; Michael Halter \$37; Greg Horrisberger \$62; Kevan Linsey \$44; Linda Martin-Anderson \$36; and Tim Trbovich \$71.

The District should review employee payroll records to ensure employees are paid the proper amounts. In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Nadine Sawaya, Loretta King, Lawrence Greathouse, Michael Halter, Greg Horrisberger, , Kevan Linsey, Linda Martin-Anderson. and Tim Trbovich in the amounts listed above and in favor of the General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

The former Treasurer signed the warrants resulting in the improper payments. Former Treasurer Loretta King and her bonding company Ohio Plan risk Management will be jointly and severally liable in the amount of \$375, and in favor of the General Fund to the extent that recovery is not obtained from the above listed employees.

Greg Horrisberger, Linda Martin-Anderson, and Timothy Trbovich repaid \$62, \$36 and \$71 respectively via check numbers 5085, 1439 and 6175, respectively.

Michael Halter and Kevan Lindsey repaid \$37 and \$44, respectively by cash payments.

**Treasurer's Salary**

<i>Finding Number</i>	2013-002
-----------------------	----------

NONCOMPLIANCE/FINDING FOR RECOVERY

At the August 17, 2012 meeting, the Board hired the Treasurer with a salary of \$30,000. At the February 15, 2013 meeting, the Board approved a three percent increase for the Treasurer and at the August 23, 2013 meeting, the Board approved a two dollar an hour increase for the Treasurer.

On March 15, 2013, the Treasurer received a retroactive payment of \$138 and on August 23, 2013, the Treasurer received a retroactive payment of \$601; however, the salary increases approved by the Board did not indicate the salary increases were to be retroactive, nor were the retroactive payments formally approved by the Board. In addition, during 2013 the Treasurer received two payments totaling \$192 for cleaning services; however, there was no formal Board approval of the payments, rates of pay, or an approved number of hours for cleaning services, nor were the cleaning services supported by timesheets.

Salaries should be paid in accordance with the Board approved rates. Retroactive payments and payments for additional services should be approved by the Board prior to payment and should include approval of rates of pay and an approved number of hours. Payments for additional services should be supported by timesheets.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Kristan King, Treasurer, in the amount of \$931 and in favor of the general fund. The Treasurer has a public officials bond through Ohio Plan Risk Management, Inc. Therefore, Ohio Plan Risk Management, Inc. is jointly liable.

The fiscal officer has entered into an agreement with the Canton Joint Recreation District in which \$44.33 would be deducted from each pay for the remainder of 2015. As of the release of this report the Treasurer has paid \$310.31.

**Finding for Recovery**

<i>Finding Number</i>	2013-003
-----------------------	----------

NONCOMPLIANCE/FINDING FOR RECOVERY

Canton Joint Recreation District Vacation Policy 3:02 provides a full time employee with 11 through 15 years of service shall be entitled to 20 days of vacation. During fiscal years 2013 and 2012, the former Director, Nadine Sawaya, was compensated for 30 days of vacation during each year. As a result, during fiscal years 2013 and 2012, the former Director was compensated for \$2,936 and \$2,956, respectively, of vacation leave not earned.

Payments made to employees for vacation leave should be in accordance with the District's Board approved policies.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Nadine Sawaya, former Director, in the amount of \$5,359 (as the over payment was offset by an underpayment in salary of \$533) and in favor of the General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

The Treasurer signed the warrants resulting in the improper payments. Treasurer Kristan King and her bonding company Ohio Plan Risk Management will be jointly and severally liable in the amount of \$5,359, and in favor of the General Fund to the extent that recovery is not obtained from Nadine Sawaya.

**Concession Receipts and Tournament Entry Fees**

<i>Finding Number</i>	2013-004
-----------------------	----------

MATERIAL WEAKNESS

The District operates a concession stand and charges an entry fee for athletic tournaments. However, the District did not maintain documentation for concession receipts, such as beginning and ending inventory, approved prices, daily sales reports, cash register tapes, etc., or entry fees for athletic tournaments, such as beginning and ending ticket numbers and approved prices.

The District should maintain documentation, including approved prices, for concession receipts and entry fees for athletic tournaments and implement monitoring procedures over these receipts. This may help ensure correct rates are being charged and all money collected is properly accounted for.

Financial Reporting

<i>Finding Number</i>	2013-005
-----------------------	----------

SIGNIFICANT DEFICIENCY

In fiscal year 2012, the District implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54). During fiscal year 2013 and 2012, carryover encumbrances in the amount of \$59,665 and \$36,567, respectively, were reported as unassigned fund balances. However, GASB 54 provides issuing a purchase order assigns the amount of the purchase order to a specific purpose; thus, the outstanding encumbrance amount is included in assigned fund balance. Also, during 2013, tournament entry fees and admission receipts totaling \$51,405 were recorded as rent receipts rather than charges for services receipts. Not posting receipts accurately resulted in the financial statements requiring reclassification. The financial statements reflect this reclassification.

The District should take the necessary steps to help ensure that all fund balances are properly reported in accordance with GASB 54 and all revenue reported is properly classified. The District should review GASB 54 and Auditor of State Bulletin 2011-004 as well as perform a detailed review of draft financial statements to help ensure proper classification of revenues and fund balances.

**Official's Response:**

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



# Dave Yost • Auditor of State

**CANTON JOINT RECREATION DISTRICT**

**STARK 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  
JUNE 23, 2015**