



Dave Yost • Auditor of State

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Memorial Park District of St. Clairsville City and of Richland Township
Belmont County
P.O. Box 513
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Memorial Park District of St. Clairsville City and of Richland Township, Belmont County, Ohio (the Park District), as of and for the years ended December 31, 2014 and 2013.

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 § 117.38 and Ohio Administrative Code § 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 Park 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 Park 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 audit opinions.

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

As described in Note 1 of the financial statements, the Park District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), 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 Park 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis 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 Park District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Memorial Park District of St. Clairsville City and of Richland Township, Belmont County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 March 4, 2016, on our consideration of the Park 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 Park District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 4, 2016

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$79,460	\$145,710	\$225,170
Charges for Services	67,742	0	67,742
Intergovernmental	18,399	16,849	35,248
Donations	3,900	0	3,900
Miscellaneous	589	254,113	254,702
<i>Total Cash Receipts</i>	<u>170,090</u>	<u>416,672</u>	<u>586,762</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	59,510	281	59,791
Fringe Benefits	3,305	0	3,305
Public Employees Retirement	9,869	0	9,869
Workers Compensation	1,000	0	1,000
Insurance	10,208	0	10,208
Utilities	11,106	0	11,106
Materials and Supplies	18,160	0	18,160
Repairs and Maintenance	6,813	35,896	42,709
Accounting Services	4,500	4,500	9,000
Miscellaneous	3,193	6,912	10,105
Capital Outlay	0	184,082	184,082
Debt Service:			
Principal Retirement	30,399	211,381	241,780
Interest and Fiscal Charges	112	3,177	3,289
<i>Total Cash Disbursements</i>	<u>158,175</u>	<u>446,229</u>	<u>604,404</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>11,915</u>	<u>(29,557)</u>	<u>(17,642)</u>
Other Financing Receipts (Disbursements)			
Advances In	0	4,201	4,201
Advances Out	(4,201)	0	(4,201)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,201)</u>	<u>4,201</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	7,714	(25,356)	(17,642)
<i>Fund Cash Balances, January 1</i>	<u>10,625</u>	<u>73,720</u>	<u>84,345</u>
Fund Cash Balances, December 31			
Restricted	0	48,364	48,364
Unassigned	18,339	0	18,339
<i>Fund Cash Balances, December 31</i>	<u>\$18,339</u>	<u>\$48,364</u>	<u>\$66,703</u>

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

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$0	\$150,197	\$150,197
Charges for Services	56,222	0	56,222
Intergovernmental	9,580	16,762	26,342
Donations	12,721	0	12,721
<i>Total Cash Receipts</i>	<u>78,523</u>	<u>166,959</u>	<u>245,482</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	44,951	514	45,465
Fringe Benefits	3,592	7	3,599
Public Employees Retirement	7,957	67	8,024
Workers Compensation	758	0	758
Insurance	6,280	3,368	9,648
Utilities	8,916	0	8,916
Materials and Supplies	16,082	0	16,082
Repairs and Maintenance	4,734	12,030	16,764
Accounting Services	3,000	3,750	6,750
Miscellaneous	2,501	8,103	10,604
Capital Outlay	0	13,928	13,928
Debt Service:			
Principal Retirement	0	68,282	68,282
Interest and Fiscal Charges	0	8,656	8,656
<i>Total Cash Disbursements</i>	<u>98,771</u>	<u>118,705</u>	<u>217,476</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(20,248)</u>	<u>48,254</u>	<u>28,006</u>
Other Financing Receipts			
Proceeds of Debt	30,000	0	30,000
<i>Total Other Financing Receipts</i>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
<i>Net Change in Fund Cash Balances</i>	9,752	48,254	58,006
<i>Fund Cash Balances, January 1</i>	<u>873</u>	<u>25,466</u>	<u>26,339</u>
Fund Cash Balances, December 31			
Restricted	0	73,720	73,720
Unassigned	10,625	0	10,625
<i>Fund Cash Balances, December 31</i>	<u>\$10,625</u>	<u>\$73,720</u>	<u>\$84,345</u>

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

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Memorial Park District of St. Clairsville City and of Richland Township, Belmont County, Ohio (the Park District), as a body corporate and politic under §§ 511.18 to .37 of the Ohio Revised Code to be governed by a three-member Board of Park Commissioners. Based upon the vote of the people of Richland Township and the City of St. Clairsville on November 6, 2007, the Richland Township Memorial Park District was converted into a park district to be operated and maintained under Chapter 1545 of the Ohio Revised Code, under the name of Memorial Park District of St. Clairsville City and of Richland Township effective January 1, 2008. On September 5, 2008, the Probate Judge of Belmont County approved the conversion from a three-member Board of Park Commissioners to consist of a five-member Board of Park Commissioners to govern the Park District. The Board of Park Commissioners is responsible for the general operation of the park and pool.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Fund Accounting

The Park District uses fund accounting to segregate cash that is restricted as to use. The Park District classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Park District had the following significant Special Revenue Funds:

Tax Levy Fund – This fund receives property tax money for improving antiquated pool equipment and facilities, improving general park equipment and playground equipment, and other capital improvements.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Department Fund – This fund receives any royalties or other moneys resulting from the sale or lease of park mineral rights to be used exclusively for maintenance of parks within the Park District.

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 Park 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Park District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

E. Fund Balance

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

1. Restricted

Fund 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.

2. 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.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

The Park 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.

F. Property, Plant, and Equipment

The Park 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 POOLED DEPOSITS

The Park 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:

	2014	2013
Demand deposits	\$66,703	\$84,345

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2014 and 2013, follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$417,813	\$170,090	(\$247,723)
Special Revenue	163,000	416,672	253,672
Total	\$580,813	\$586,762	\$5,949

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,500	\$158,175	(\$14,675)
Special Revenue	225,400	446,229	(220,829)
Total	\$368,900	\$604,404	(\$235,504)

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,300	\$108,523	\$10,223
Special Revenue	198,000	166,959	(31,041)
Total	\$296,300	\$275,482	(\$20,818)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,190	\$98,771	(\$581)
Special Revenue	199,790	118,705	81,085
Total	\$297,980	\$217,476	\$80,504

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Tax Levy and Department Special Revenue Funds by \$14,675, \$6,271, and 214,558, respectively, for the year ended December 31, 2014. Budgetary expenditures exceeded appropriation authority in the General Fund by \$581 for the year ended December 31, 2013.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. 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.

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

5. RETIREMENT SYSTEM

The Park 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Park District contributed an amount equaling 14% of participants' gross salaries. The Park District has paid all contributions required through December 31, 2014

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Park District has obtained commercial insurance for the following risks:

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

7. CONTINGENCIES

A. Litigation

The Park District is not defendant in any lawsuits.

B. Paid Up Oil/Gas Lease

The Park District has entered into a "Paid-Up" Oil and Gas Lease with Rice Drilling D, LLC for 40.708 acres of property owned by the Board. The lease is effective beginning September 4, 2013 for a five year period. In consideration of the execution of the lease, the Park District received a signing bonus in the amount of \$254,113 in 2014. The lease calls for payments to the Park District, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the Park District has not received any compensation beyond the bonus.

8. SUBSEQUENT EVENT

The Park District has a proposed tax levy renewal on the March 15, 2016 ballot for the purpose of improving pool equipment and facilities and improving general park and playground equipment at a rate not exceeding one-half mill for each one dollar of valuation, which amounts to five cents for each one hundred dollars of valuation for 5 years commencing in 2016, first due in calendar year 2017.

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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*

Memorial Park District of St. Clairsville City and of Richland Township
Belmont County
P.O. Box 513
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

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 the cash balances, receipts, disbursements by fund type of the Memorial Park District of St. Clairsville City and of Richland Township, Belmont County, Ohio (the Park District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2016, wherein we noted the Park District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Park 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Park 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 material weaknesses and a significant deficiency.

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 Park District's financial statements. We consider findings 2014-002 and 2014-006 described in the accompanying Schedule of Findings to be material weaknesses.

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 findings 2014-005 and 2014-007 described in the accompanying Schedule of Findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Park 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 2014-001 through 2014-004.

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 Park District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Park 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, looped "Y" and a long, sweeping underline.

Dave Yost
Auditor of State
Columbus, Ohio

March 4, 2016

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code § 1545.23 states that if a park district enters into an agreement for the sale or lease of mineral rights regarding a park within the district, any royalties or other moneys resulting from the sale or lease shall be deposited into a special fund that the board of park commissioners shall create. The fund shall be used exclusively for maintenance of parks within the district and for the acquisition of new park lands.

In April 2014, the Park District received a gas and oil lease bonus in the amount of \$254,113. The Park District posted the receipt to the General Fund instead of to a special revenue fund exclusively created for park improvements.

In addition, also in April 2014, the Park District paid off a 2011 promissory loan obtained for park and pool improvements in the amount of \$214,558 using the gas and oil bonus moneys received. The loan's principal and interest payoff was paid out of the General Fund, in the amounts of \$211,381 and \$3,177, respectively; however, this should have been paid out of the special revenue fund that the gas and oil lease bonus was receipted into.

The adjustments noted above have been agreed to by the Park District's management and have been posted to the Park District's records and are reflected in the accompanying financial statements. On February 8, 2016, the Park District Board approved the Department – Special Revenue Fund to record the gas and oil lease bonus and related loan payoff expenditures.

The Park District should post any revenue received from gas and oil leases to the Department – Special Revenue Fund in accordance with Ohio Rev. Code § 1545.23.

FINDING NUMBER 2014-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(A) states all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

In 2014, the Park District posted the General Fund Current Expense levy receipts for the second-half 2014 tax settlement into the Tax Levy Fund, Special Revenue Fund Type, instead of the General Fund in the amount of \$36,147. In addition, the Park District posted the second-half 2014 tax settlement to the general ledger net of tax deductions. All levy receipts should be posted at gross with the tax deductions posted as a memo-expenditure to the general ledger.

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

In 2014, the Park District posted the first-half rollback and homestead reimbursement entirely to the General Fund Miscellaneous Revenue in the total amount of \$12,960. Of this amount, \$8,467 should have been posted to the Tax Levy, Special Revenue Fund.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002 (Continued)

Noncompliance and Material Weakness – Ohio Rev. Code § 5705.10 (Continued)

In addition, the remaining portion of \$4,493 should have been posted to Intergovernmental Revenue in the General Fund instead of Miscellaneous Revenue. Also, in 2014, the Park District posted the second-half homestead and rollback reimbursement entirely to Property Tax Revenue, in the Tax Levy, Special Revenue Fund, in the amount of \$12,922. Of this amount, \$4,540 should have been posted to Intergovernmental Revenue in the General Fund. The remaining portion of \$8,382 should have been posted to the Intergovernmental Revenue in the Tax Levy Fund instead of Property Tax Revenue.

The adjustments with which management agrees have been posted to the accounting records and are reflected in the accompanying financial statements.

The Park District should utilize the tax apportionment sheets received from the County Auditor as a tool to allocate property taxes and homestead and rollback reimbursements to the proper funds. The property tax receipts should be posted at the gross amount and then record a memo expenditure for the auditor and treasurer fees.

FINDING NUMBER 2014-003

Noncompliance

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

At December 31, 2014, expenditures of \$158,175 exceeded appropriations of \$143,500 in the General Fund by \$14,675.

At December 31, 2014, expenditures of \$231,671 exceeded appropriations of \$225,400 in the Tax Levy Special Revenue Fund by \$6,271.

At December 31, 2014, expenditures of \$214,558 exceeded appropriations of \$0 in the Department Special Revenue Fund by \$214,558.

At December 31, 2013, expenditures of \$98,771 exceeded appropriations of \$98,190 in the General Fund by \$581.

The Board of Park Commissioners should monitor all expenditures to ensure they remain within their respective budgeted amounts. The Park District should not certify the availability of funds and should deny payment requests exceeding appropriations. The Park District may request the Board of Park Commissioners approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-004

Noncompliance

Ohio Rev. Code § 5705.41(C) states no subdivision or taxing unit shall make any expenditure of money except by a proper warrant drawn against an appropriate fund.

During 2014, the Park District issued 3 checks which were payable to cash totaling \$105,907. In addition, the Park District maintained separate checking accounts for activity of the General and the Special Revenue - Tax Levy Fund. The checks were issued to advance money between these two checking accounts.

Maintaining separate checking accounts are unnecessary and only complicate the accounting processes, and would eliminate the need to issue checks payable to cash. While separate funds should be maintained on the Quickbook accounting ledgers, separate bank accounts are not required.

The Park District should consider closing one of the checking accounts and consolidate bank funds into one checking account for less complicated financial reporting. In addition, the Park District should not issue checks payable to cash.

FINDING NUMBER 2014-005

Significant Deficiency

Auditor of State Bulletin 97-003 outlines that inter-fund cash advances are subject to the following requirements:

1. Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayments;
2. In order to advance cash from one fund to another, there must be statutory authority to use the money advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
3. The reimbursement from the debtor fund to creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
4. Advances must be approved by a formal resolution of taxing authority of the subdivision. The resolution must include: (1) a specific statement that the transaction is an advance of cash, and (2) an indication of the money (fund) from which it is expected that repayment will be made.

The Tax Levy - Special Revenue Fund advanced a total of \$31,000 to the General Fund in 2014 and \$18,000 to the General Fund in 2013. Both advances were repaid back to the Tax Levy - Special Revenue Fund by year end. The Tax Levy Fund is a restricted Special Revenue Fund which, as noted above, is not permitted to advance money to any other fund.

The Park District should follow guidance for advances outlined in Auditor of State Bulletin 97-003.

**MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-006

Material Weakness

The Park District should have internal controls in place to reasonably assure that budgetary accounts are integrated 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.

In 2014, the Park District did not properly post approved budgeted receipts and any amendments made to them, to the accounting system. The following table details this variance:

Fund	Amount per Last Amended Certificate	Amount Posted to the Accounting System	Variance
Tax Levy - Special Revenue	\$163,000	\$166,500	\$3,500

Also in 2014, the Park District did not properly post appropriations to the accounting system due to the Park District not approving their supplemental appropriations in the Park District's minutes. The variance is as follows:

Fund	Amount per Appropriation Resolution	Amount Posted to the Accounting System	Variance
General	\$143,500	\$388,969	\$245,469

Because the information entered into the accounting system was inaccurate, Park District management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present budgeted receipts as certified by the County Auditor and appropriations per the appropriation resolution and any amendments to them.

The Park District should record estimated receipts per the Official Certificate of Estimated Resources and appropriations approved by the Board of Park Commissioners, as well as all amendments, to properly reflect approved budgetary activity and to effectively monitor budgetary activity throughout the year.

FINDING NUMBER 2014-007

Significant Deficiency

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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

In 2013, the Park District posted the 1st and 2nd half homestead and rollback receipts in the amounts of \$8,354 and \$8,407, respectively, in the Tax Levy - Special Revenue Fund, to property taxes instead of intergovernmental as appropriate.

MEMORIAL PARK DISTRICT OF ST. CLAIRSVILLE CITY
AND OF RICHLAND TOWNSHIP
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

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

FINDING NUMBER 2014-007 (Continued)

Significant Deficiency (Continued)

The Park District has agreed to the reclassifications and are reflected in the accompanying financial statements.

The Park District should consult appropriate available resources to determine the proper receipt classification for all monies received.

Officials' Response: We did not receive a response from Officials to the findings reported above.

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Dave Yost • Auditor of State

**MEMORIAL PARK DISTRICT OF ST CLAIRSVILLE CITY AND OF RICHLAND TOWNSHIP
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
MARCH 29, 2016**