



Dave Yost • Auditor of State

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

Bellaire Park District
Belmont County
PO Box 9
Bellaire, Ohio 43906

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 8, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bellaire Park District
Belmont County
PO Box 9
Bellaire, Ohio 43906

To the Board of Commissioners:

We have audited the accompanying financial statements of Bellaire Park District, Belmont County, (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.

Except as noted below, 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.

We were unable to obtain sufficient evidential matter supporting the amounts recorded as *Support & Assistance* disbursements for the year ended December 31, 2010. These disbursements represent 62% of the 2010 total disbursements. We were unable to determine the validity of *Support & Assistance* disbursements through alternative procedures.

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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require 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.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine the evidence regarding *Support & Assistance* disbursements for the year ended December 31 2010, the financial statements referred to above present fairly, in all material respects, the fund cash balance as of December 31, 2011 and 2010 of the Bellaire Park District, Belmont County, and its 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 Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013, 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.



Dave Yost
Auditor of State

January 8, 2013

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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

Cash Receipts	
Intergovernmental	\$17,729
Grant	5,000
Insurance Reimbursement	11,276
Interest Earnings	<u>7</u>
<i>Total Cash Receipts</i>	<u>34,012</u>
 Cash Disbursements	
Current:	
Conservation/Recreation:	
Salaries	2,250
Fringes	428
Materials & Supplies	1,382
Insurance	1,156
Support & Assistance	10,917
Fees	1,174
Audit Expenses	1,250
Equipment	5,000
Utilities	1,098
Contract Services	<u>7,726</u>
<i>Total Cash Disbursements</i>	<u>32,381</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>1,631</u>
<i>Cash Balance, January 1</i>	<u>367</u>
Cash Balance, December 31	
Unassigned	<u>1,998</u>
<i>Cash Balance, December 31</i>	<u><u>\$1,998</u></u>

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

**BELLAIRE 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	\$19,655
Earnings on Investments	<u>2</u>
<i>Total Cash Receipts</i>	<u>19,657</u>
Cash Disbursements	
Current:	
Conservation/Recreation:	
Salaries	1,750
Fringes	635
Materials & Supplies	913
Insurance	1,684
Support & Assistance	12,434
Fees	20
Audit Expenses	500
Utilities	1,115
Contract Services	<u>1,000</u>
<i>Total Cash Disbursements</i>	<u>20,051</u>
Excess of Cash Receipts (Under) Cash Disbursements	<u>(394)</u>
Cash Balance, January 1	<u>761</u>
Cash Balance, December 31	<u><u>\$367</u></u>

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

**BELLAIRE 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 Bellaire 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 District also works with the Village of Bellaire, Bellaire Local School District, local sporting organizations, and its residents to help recreational and park activities under their control and jurisdiction.

The District participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 6 to the financial statement provides additional information for this entity.

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. Budgetary Process

Under HB 262, Districts that do not levy property taxes must follow most of the Ohio Rev. Code Section 5705 budget requirements, but need not seek approval of a county budget commission for any budgetary actions. The Ohio Revised Code requires the Board of Commissioners to budget annually.

1. Appropriations

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

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

3. Encumbrances (Continued)

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. The District did not use the encumbrance method of accounting.

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

D. 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 cash balance also incorporates contractual obligations to the extent that existing resources 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*. *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 and includes amounts not included in the other classifications.

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Cash Balance (Continued)

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.

E. Property, Plant, and Equipment

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

2. Change in Accounting Principle

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

3. Deposits

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

	2011	2010
Demand deposits	\$1,998	\$367

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:

2011 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$18,000	\$34,012	\$16,012

2011 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$18,245	\$32,381	(\$14,136)

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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

4. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$18,873	\$19,657	\$784

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$20,500	\$20,051	\$449

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority by \$14,136 for the year ended December 31, 2011. The District did not maintain an appropriation ledger that would record budget versus actual disbursements. Also, the District did not obtain prior certification for purchase commitments for 100% of purchase commitments in 2011 and 2010.

5. Retirement Systems

The District's one employee belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, the District contributed the required 10% of member's gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

6. Risk Management

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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

6. Risk Management (Continued)

insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$696.

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

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$756	\$662

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

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

6. Risk Management (Continued)

the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

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

Bellaire Park District
Belmont County
PO Box 9
Bellaire, Ohio 43906

To the Board of Commissioners:

We have audited the financial statements of the Bellaire Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated January 8, 2013, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also were not able to obtain sufficient evidential matter to supporting the validity of amounts recorded as *Support & Assistance* for the year ended December 31, 2010. Except for *Support & Assistance* disbursements, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-004 described in the accompanying Schedule of Findings to be a material weakness.

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 through and 2011-003.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 8, 2013.

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

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

January 8, 2013

**BELLAIRE 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 2011-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been properly appropriated.

At December 31, 2011, the District had budgetary basis expenditures which exceeded appropriations by \$14,136.

The practice of allowing expenditures to exceed appropriations could result in negative balances for the District.

We recommend the Fiscal Officer compare expenditures to appropriations, and if appropriations in addition to those already adopted will be needed, the Board should take the necessary steps to adopt additional appropriations to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

FINDING NUMBER 2011-002

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

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

**BELLAIRE 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 2011-002 (Continued)

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

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the 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 taxing authority 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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not properly certify the availability of funds prior to purchase commitment for 100 percent of the expenditures tested in 2011 and 2010, and there was no evidence the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

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

We recommend the District certify purchases to which Ohio Rev. Code Section 5705.41(D) applies. The District Fiscal Officer should sign the certification prior to the District incurring a commitment, and only when the requirements of 5705.41(D) are satisfied.

FINDING NUMBER 2011-003

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

Budgeted appropriation amounts were not posted to the District's accounting system. As a result information was not available for District officials to monitor year-to-date total comparisons of appropriations versus expenditures.

We recommend the Fiscal Officer post legislatively-approved appropriations and actual expenditures to a budgetary accounting system. The Board of Commissioners should review periodically.

**BELLAIRE 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 2011-004

Material Weakness - Fiscal Responsibility and Unsupported Expenditures

Management is responsible for designing and implementing internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires documented procedures to provide management with reasonable assurance that recorded transactions occurred and are not fictitious. This includes maintaining sufficient supporting documentation for all non-payroll disbursements. Governmental entities have the authority to provide credit and debit cards for use by authorized users. The use of these cards should be specified in a policy established by the government's legislative body.

The District had a debit card, but they did not have an authorized policy addressing the use of the of the debit card. We noted ATM and bank cash withdrawals which were not supported by a detailed log of whom these withdrawals were for and which park activity the withdrawal supported. We are not aware of any specific statutory grant of authority to allow the District to donate funds to a private person or entity. ATM and bank cash withdrawals lacking the appropriate supporting documentation totaled \$398 for 2011 and \$6,980 for 2010.

We noted other payments made by check which did not have an invoice or other sufficient supporting documentation. These payments totaled \$443 for 2011 and \$293 for 2010. In addition, we noted \$500 of payments in 2011 to the Fiscal Officer's children that lacked the appropriate supporting documentation.

Failure to maintain the appropriate supporting documentation could allow payments to be made for items not received and allow other errors or irregularities to occur and remain undetected.

We recommend supporting documentation be maintained by the Fiscal Officer for each non-payroll disbursement including the original invoice and any other supporting documentation applicable to the disbursement. Expenditures should not be approved by the Board unless the original invoice is attached in order to ensure amounts paid agree to the applicable supporting documentation and that supporting documentation is present.

We further recommend the Board of Directors approve policies as noted above. The debit card and purchasing policy should, at a minimum, identify authorized users; guidelines for allowable use/purchases; method of reimbursement (if personal use is allowed); specific unallowable uses; reporting; monitoring of use by appropriate levels of management; and other guidelines deemed appropriate by the legislative body. If the District wants to continue the policy of providing fiscal help to low-income children wanting to participate in recreation type activities, the District should obtain documentation from any responsible party that receives such assistance. This documentation should be maintained. In addition, they should develop a policy for these payments, who will receive them and any qualifications.

Auditee Response:

The management of the District declined to respond to the findings reported above.

**BELLAIRE PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 149.351(A) regarding lack of support for disbursements.	Yes	Corrected
2009-002	Ohio Rev. Code Section 5705.41(D) regarding not using the encumbrance method of accounting.	No	Not Corrected; Repeated as Finding 2011-002
2009-003	Significant Deficiency regarding the District debit card.	No	Partially Corrected; Corrected for 2011 but not 2010. Repeated as Finding 2011-004



Dave Yost • Auditor of State

BELLIARE 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
JANUARY 22, 2013**