



Dave Yost • Auditor of State

WARREN PARK DISTRICT
JEFFERSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Warren Park District
Jefferson County
P.O. Box 123
Tiltonsville, Ohio 43963

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Warren Park District, Jefferson County, (the District) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D); 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 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 requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or changes in financial position thereof for the year 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 Warren Park District, Jefferson County as of December 31, 2012 and 2011, and its combined 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Warren Park District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

As discussed in Note 8 to the financial statements, the District had General fund deficit balances of (\$89,275) and (\$75,296) as of December 31, 2012 and 2011, respectively. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014 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.



Dave Yost
Auditor of State

Columbus, Ohio

February 24, 2014

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$26,117		\$26,117
Charges for Services	22,532		22,532
Intergovernmental	21,726		21,726
<i>Total Cash Receipts</i>	<i>70,375</i>		<i>70,375</i>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	41,196		41,196
Material and Supplies	8,319		8,319
Maintenance and Repairs	19,531		19,531
Utilities	8,889		8,889
Licenses	888		888
Insurance and Bonds	4,699		4,699
Taxes and & Revenue Summary	521		521
Debt Service:			
Interest and Fiscal Charges	311		311
<i>Total Cash Disbursements</i>	<i>84,354</i>		<i>84,354</i>
<i>Net Change in Fund Cash Balances</i>	<i>(13,979)</i>		<i>(13,979)</i>
<i>Fund Cash Balances, January 1</i>	<i>(75,295)</i>	\$250,199	<i>174,904</i>
Fund Cash Balances, December 31			
Restricted		250,199	250,199
Unassigned (Deficit)	(89,274)		(89,274)
<i>Fund Cash Balances, December 31</i>	<i>(\$89,274)</i>	\$250,199	<i>\$160,925</i>

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

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$26,867		\$26,867
Charges for Services	23,483		23,483
Intergovernmental	49,747		49,747
Miscellaneous	27		27
<i>Total Cash Receipts</i>	<u>100,124</u>		<u>100,124</u>
Cash Disbursements			
Current:			
Conservation/Recreation:			
Salaries	40,328		40,328
Material and Supplies	7,862		7,862
Maintenance and Repairs	11,662		11,662
Utilities	7,413		7,413
Licenses	888		888
Insurance and Bonds	4,826		4,826
Audit Expenses	7,215		7,215
Taxes and & Revenue Summary	708		708
Debt Service:			
Interest and Fiscal Charges	219		219
<i>Total Cash Disbursements</i>	<u>81,121</u>		<u>81,121</u>
<i>Net Change in Fund Cash Balances</i>	19,003		19,003
<i>Fund Cash Balances, January 1</i>	<u>(94,298)</u>	<u>\$250,199</u>	<u>155,901</u>
Fund Cash Balances, December 31			
Restricted		250,199	250,199
Unassigned (Deficit)	<u>(75,295)</u>		<u>(75,295)</u>
<i>Fund Cash Balances, December 31</i>	<u>(\$75,295)</u>	<u>\$250,199</u>	<u>\$174,904</u>

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

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 Warren Park District, Jefferson County, (the District) as a body corporate and politic. The probate judge of Jefferson County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

The District participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool:

The District participates in 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.

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. Fund Accounting

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

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 District had the following significant Special Revenue Fund:

Federal Emergency Management Agency (FEMA) Fund: The FEMA Fund received the grant proceeds for pool repairs.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Fund.

Pool Levy Fund: The pool levy fund received the proceeds from a special levy voted upon by taxpayers for purpose of paying the debt for the construction of the swimming pool.

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 object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not use the encumbrance method of accounting.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance

Beginning in 2011, 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 placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

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

4. Assigned

Assigned 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 District Commissioners 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.

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	2012	2011
Demand deposits	\$160,925	\$174,904

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	-	\$70,375	\$70,375

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,305	\$84,354	\$5,951

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	-	\$100,124	\$100,124

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	-	\$81,121	\$81,121

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, the District did not approve appropriations in 2011; as a result, all budgetary expenditures exceeded appropriation authority in the General fund by \$81,121 for the year ended December 31, 2011. Also contrary to Ohio law, at December 31, 2012 and 2011, the General Fund had a cash deficit balance of \$89,275 and \$75,296, respectively.

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 District.

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2012.

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. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), 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.

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Risk Management (Continued)

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 insured risks up to an amount specified in the contracts. At December 31, 2012, 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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$4,000.

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>2012</u>	<u>2011</u>
\$4,499	\$4,526

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Risk Management (Continued)

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

7. Restatement of Beginning Fund Balances

As of January 1, 2011, the Special Revenue Fund balance was decreased by \$246,181, which changed the beginning balance to \$4,018 and increased the beginning Debt Service Fund balance by \$246,181 to \$246,181. This was due to the reclassification of the Pool Levy Fund.

Fund Type	Original Beginning Fund Balance	Reclassification	Restated Beginning Fund Balance
General	(\$94,298)	\$0	(\$94,298)
Special Revenue	\$250,199	(\$246,181)	\$4,018
Debt Service	\$0	\$246,181	\$246,181
Total All Funds	\$155,901	\$0	\$155,901

8. Financial Distress

As of December 31, 2011 and 2012, the District had a General fund deficit of (\$75,296) and (\$89,275), respectively. As of the date of the auditor's opinion, management has not developed plans to address these conditions.

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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

Warren Park District
Jefferson County
P.O. Box 123
Tiltonsville, Ohio 43963

To the Board of 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 Warren Park District, Jefferson County, (the District) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated February 24, 2014 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. We also noted, during 2011, that the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In addition, we noted that the District had General fund deficit balances of (\$89, 275) and (\$75,297) as of December 31, 2012 and 2011 respectively.

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 opinion 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 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 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 2012-006 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 2012-007 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 2012-001 through 2012-005 and 2012-007.

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

February 24, 2014

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Noncompliance Citation

Negative Fund Balances

Ohio Revised Code Section 5705.10(I) provides that money paid into any fund shall be used only for purposes for which said fund is established.

The General Fund had a deficit balance of \$75,296 and \$89,275 at December 31, 2011 and 2012, respectively. This is an indication that money from another fund has been used to pay the obligations of the General Fund.

We recommend that the Board review the District's finances and formulate a plan for the elimination of the deficit balance.

FINDING NUMBER 2012-002

Noncompliance Citation

Failure to Encumber

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Entity may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Governing Board if such expenditure is otherwise valid.

FINDING NUMBER 2012-002 (Continued)

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

The Fiscal Officer did not certify or record the amount against the applicable appropriation accounts for 100% of tested expenditures in 2011 and 2012. The District did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending 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 Entity's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Entity. When prior certification is not possible, “then and now” certification should be used.

We recommend the Fiscal Officer certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2012-003

Noncompliance Citation

Legal Level of Budgetary Control

Ohio Revised Code Section 5705.38 requires, in part, that on or about the first day of the fiscal year, an appropriation measure be passed. **Ohio Revised Code Section 5705.41(B)** provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

The District did not adopt an appropriation measure for 2011 and expenditures are limited by the appropriations established for each fund; therefore, all expenditures made by the District in 2011 (\$81,121) were not in compliance with the Ohio Revised Code.

FINDING NUMBER 2012-003 (Continued)

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending.

We recommend that the District pass an appropriation measure so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to the Park Board approved appropriations for each fund.

FINDING NUMBER 2012-004

Noncompliance Citation

Failure to Certify

Ohio Revised Code Section 5705.36(A)(1) provides that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund created by or on behalf of the taxing authority.

The Fiscal Officer did not certify ending balances to the county auditor in 2011 or 2012. As a result, the District was not issued a certificate of estimated resources. This condition could cause appropriations to exceed estimated resources or result in deficit cash balances if the expenditures equal appropriations for the fund.

We recommend that the District prepare the certificate of available resources and file it with the County Auditor as required.

FINDING NUMBER 2012-005

Noncompliance Citation

Appropriations Limited by Estimated Resources

Ohio Revised Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of the estimated resources available for expenditure from that fund as certified by the budget commission on the official certificate of estimated resources. This section also requires the entity to obtain a "does not exceed" certificate.

At December 31, 2012, appropriations exceeded the amended estimate of resources in the General Fund by \$90,305 (100%). A "does not exceed" certificate was not obtained for 2012.

As expenditures are limited by appropriations, we recommend that the Fiscal Officer closely monitor appropriations in comparison to estimated resources. By continually comparing these amounts, the District may prevent overspending in the fund.

FINDING NUMBER 2012-006

Material Weakness

Financial Reporting

The District did not correctly code and classify all revenue transactions. In addition, the District did not properly classify the Pool Levy Fund as a Debt Service Fund as disclosed in Note 7 of the notes to the financial statements. Management has agreed to and posted the adjustments to the District accounting records. The corrected amounts are reflected in the accompanying financial statements.

2011:

Fund	Account Type	Amount	Description
General	Intergovernmental	\$49,747	Posted as Property Taxes

2012:

Fund	Account Type	Amount	Description
General	Intergovernmental	\$21,726	Posted as Property Taxes

We recommend that the District Fiscal Officer maintain the accounting system to enable the District to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. We also recommend that the District adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

FINDING NUMBER 2012-007

Noncompliance Citation and Significant Deficiency

Condition of Accounting Records

Ohio Administrative Code Section 117-2-02(D) requires that all public offices maintain accounting records. Such records should include the following: (1) cash journal; (2) receipt ledger; and (3) appropriation ledger. In addition, they should maintain payroll records that include a detailed payroll journal.

The Fiscal Officer did not maintain a receipt ledger and appropriation ledger for the audit period. Failure to implement and maintain a system of controls over the District's financial records increases the chances of theft and other fraudulent activities.

We recommend that the District take the steps necessary to ensure that accurate and complete accounting records are maintained. This will help ensure that all financial activity is properly recorded and reported.

Officials Response: The Park District did not respond to the findings reported.

**WARREN PARK DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Revised Code Section 5705.38 and 5705.41(B) – Failure to adopt appropriations and expenditures exceeded appropriations	No	Reissued as Finding Number 2012-003
2010-002	Ohio Revised Code Section 5705.10 – Deficit General Fund Balance	No	Reissued as Finding Number 2012-001
2010-003	Ohio Revised Code Section 5705.41(D) – Certification of expenditures	No	Reissued as Finding Number 2012-002
2010-004	Material Weakness – Lack of supporting documentation of Charges for Services (i.e. admissions and concession sales).	Partially Corrected	Reissued in Management Letter
2010-005	Material Weakness – Failure to post revenue correctly.	No	Reissued as Finding Number 2012-006

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Dave Yost • Auditor of State

WARREN PARK DISTRICT

JEFFERSON 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 27, 2014**