



**Auditor of State
Betty Montgomery**

**BELMONT PARK DISTRICT
BELMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – For the Years Ended December 31, 2003 and 2002.....	3
Notes to the Financial Statement.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11
Schedule of Prior Audit Finding	13

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Belmont Park District
Belmont County
70101 Kagg Hill Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the accompanying financial statement of the Belmont Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Belmont Park District, Belmont County, as of December 31, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The accompanying financial statement has been prepared assuming that the District will continue as a going concern. As discussed in Note 5 to the financial statement, the District completed a building project during the period; however, as of December 31, 2003, the District is delinquent in paying approximately \$357,266 to various vendors who were contracted to work on this building project. Existence of this liability raises substantial doubt about the District's ability to continue as a going concern. Management's plan in regards to this liability is described in Note 6 to the financial statement. The financial statement does not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Park Commissioners, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 8, 2004

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
Cash Receipts:		
Local Government	\$29,924	\$29,669
Grants	650,000	
Investment Income	10,842	48,834
Other Receipts	100	
Total Cash Receipts	690,866	78,503
Cash Disbursements:		
Current:		
Utilities	25,404	14,730
Capital Outlay	1,882,216	911,658
Other	3,240	5,262
Total Cash Disbursements	1,910,860	931,650
Total Cash Receipts Over/(Under) Cash Disbursements	(1,219,994)	(853,147)
Cash Balances, January 1	1,224,866	2,078,013
Cash Balances, December 31	\$4.872	\$1.224.866

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

This page intentionally left blank.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Belmont Park District, Belmont County (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Belmont County. The Park District was formed to develop the new Belmont County Fairgrounds.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Budgetary Process

The Ohio Revised Code requires the District to adopt an annual budget.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The 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.

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property, Plant and Equipment

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

2. CASH

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

	2003	2002
Demand deposits	\$4,872	\$1,224,866

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the District.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002, follows:

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$719,000	\$690,866	(\$28,134)

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,743,000	\$1,910,860	(\$167,860)

2002 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$105,000	\$78,503	(\$26,497)

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$2,053,200	\$931,650	\$1,121,550

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority by \$167,860 for the year ended December 31, 2003.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003 AND 2002
(Continued)**

4. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risk:

- Errors and omissions.

5. GOING CONCERN

During the period, the District received various grants through the State of Ohio to construct a community center on the District's property. The project was completed in 2004; however, as of December 31, 2003, the District owes various vendors who were contracted to work on this project approximately \$357,266. The District has run out of funds to pay the balance owed to these vendors. Amounts owed to these vendors as of October 14, 2004 are \$357,266. The District has budgeted receipts for 2005 of \$52,200.

Due to monies owed to various vendors noted above and further information described in Note 6, there is substantial doubt about the District's ability to continue as a going concern.

6. SUBSEQUENT EVENT

On March 15, 2004, the District issued a mortgage note in the amount of \$178,382, with interest at the rate of 7% per annum, to the general contractor on the building project. The contractor accepted the note in lieu of immediate payment. The principal sum and accrued interest was due payable in full on or before September 1, 2004. As of the date of this report, the District defaulted on this note and it has not been renewed.

The District is seeking additional grants for assistance in funding the remainder of the building project; however, as of the date of this report District officials have not been successful.

The District's financial report as of October 14, 2004, indicates an available cash fund balance of approximately \$3,216 (unaudited). Other than paying routine expenditures, the District is not making any payments to vendors owed on the building project.

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Belmont Park District
Belmont County
70101 Kagg Hill Road
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the accompanying financial statement of the Belmont Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 8, 2004, in which we expressed substantial doubt about the District's ability to continue as a going concern. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002. We also noted a certain immaterial instance of noncompliance that we have reported to the District's management in a separate letter dated October 8, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Belmont Park District
Belmont County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Park Commissioners, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 8, 2004

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41(D) (1):

- A. Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$1,000 (\$3,000 after April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority 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.

The certification of available funds was not obtained for 100% of transactions tested and there was no evidence of a "then and now" certificate being used by the Treasurer.

We recommend District officials obtain the District Treasurer's certification of available funds for all expenditures prior to incurring the obligation.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

The District had expenditures which exceeded appropriations as of December 31, 2003, in the amount of \$167,860.

We recommend the District Treasurer deny payment requests exceeding appropriations. The District Treasurer may request the District Board of Park Commissioners increase expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**BELMONT PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-61007-001	Ohio Rev. Code Section 5705.41(D) – not certifying availability of funds prior to incurring obligations.	No	Not corrected; Reissued as Finding Number 2003-001.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

BELMONT 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
NOVEMBER 23, 2004**