



**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007



Mary Taylor, CPA
Auditor of State

**LAGRANGE COMMUNITY PARK DISTRICT
LORAIN COUNTY**

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Mary Taylor, CPA
Auditor of State

LaGrange Community Park Board
Lorain County
355 South Center Street
LaGrange, Ohio 44050

To the Board of Trustees:

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 13, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

LaGrange Community Park Board
Lorain County
355 South Center Street
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited the accompanying financial statements of LaGrange Community Park Board, Lorain County, Ohio, (the Board) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements 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 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.

As described more fully in Note 1, the Board 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 Board's larger (i.e. major) funds separately. While the Board does not follow GAAP, generally accepted auditing standards require 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 Board to reformat their statements. The Board 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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2008 and December 31, 2007, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the LaGrange Community Park Board, Lorain County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2009, 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.



Mary Taylor, CPA
Auditor of State

November 13, 2009

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General
Cash Receipts:	
Member Contributions	\$100,000
Charges for Services	24,343
Donations	700
Miscellaneous	4,117
Total Cash Receipts	129,160
Cash Disbursements:	
Current Disbursements:	
Conservation/Recreation:	
Utilities	6,230
Materials and Supplies	46,401
Contracts - Services	10,729
Other	2,056
Capital Outlay	71,616
Total Cash Disbursements	137,032
Total Receipts Over/(Under) Disbursements	(7,872)
Fund Cash Balances, January 1	155,056
Fund Cash Balances, December 31	\$147,184

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

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>
Cash Receipts:	
Member Contributions	\$99,500
Charges for Services	21,657
Donations	4,485
Miscellaneous	<u>22,025</u>
Total Cash Receipts	<u>147,667</u>
Cash Disbursements:	
Current Disbursements:	
Conservation/Recreation:	
Utilities	7,017
Materials and Supplies	24,081
Contracts - Services	11,931
Other	1,162
Capital Outlay	<u>41,891</u>
Total Cash Disbursements	<u>86,082</u>
Total Receipts Over/(Under) Disbursements	<u>61,585</u>
Fund Cash Balances, January 1	<u>93,471</u>
Fund Cash Balances, December 31	<u><u>\$155,056</u></u>

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

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The LaGrange Community Park Board, Lorain County, Ohio, (the Board) is a Joint Recreation Board established by the LaGrange Township and Village of LaGrange under the authority of Ohio Revised Code Section 755.14(B). The Board is comprised of five members who are residents of either the Village or the Township. A chairperson is appointed for a term of one year on an alternating basis by the Township and the Village. The other Board members are appointed by the Township and the Village proportionately. The Board exercises all powers to equip, operate, and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and recreation centers.

The Board's management believes these financial statements present all activities for which the Board 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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As of December 31, 2008 and December 31, 2007 the Board did not own any investments.

D. Budgetary Process

The Ohio Revised Code requires the Board to budget annually.

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. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

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 Board 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 encumber all commitments required by Ohio law.

A summary of 2008 and 2007 budgetary activity appears in Note 5.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Member Contributions

LaGrange Township and the Village of LaGrange share expenditures made by the Board. Contributions are received prior to the payment of expenditures. During fiscal year 2008, the Board received \$50,000 from the Village of LaGrange and \$50,000 from LaGrange Township. During fiscal year 2007, the Board received \$49,500 from the Village of LaGrange and \$50,000 from LaGrange Township.

As of December 31, 2008 both the Township and the Village contributed their required contributions for FY2008 and FY2007.

3. Equity in Pooled Deposits and Investments

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$147,184</u>	<u>\$155,056</u>

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

4. Risk Management

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

The Board 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. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)**

4. Risk Management (Continued)

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

The information for property and casualty coverage is the latest available.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.7 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$4,400. This payable includes the subsequent year's contribution due if the Board terminates participation, as described in the last paragraph below.

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.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)**

4. Risk Management (Continued)

Contributions to PEP

2006	\$3,919
2007	\$4,112
2008	\$3,817

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.

5. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$129,160	\$129,160

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,000	\$137,032	\$42,968

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$147,667	\$147,667

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$216,500	\$86,082	\$130,418

6. Legal Compliance

Contrary to Ohio Revised Code Section 5705.36 the fiscal officer did not prepare a certificate of estimated resources for 2008 or 2007.

Contrary to Ohio Revised Code Section 5705.39, the Board's appropriations for 2008 and 2007 exceeded the estimated resources.



Mary Taylor, CPA

Auditor of State

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

LaGrange Community Park Board
Lorain County
355 South Center Street
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited the financial statements of the LaGrange Community Park Board, Lorain County, Ohio, (the Board) as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated November 13, 2009, wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Board's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Board's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We considered the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal controls over financial reporting: 2008-004 and 2008-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Board's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding number 2008-004 is also a material weakness.

We noted certain matters that we reported to the Board's management in a separate letter dated November 13, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Board'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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 through 2008-003.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 13, 2009

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Noncompliance – Certification of the Availability of Funds

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.

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 Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the 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 Board.

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 Board 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 extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Sixty-one percent (43 out of 71) of the expenditures tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Board followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDING NUMBER 2008-001 (Continued)

Material Noncompliance – Certification of the Availability of Funds (Continued)

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 Board's funds exceeding budgetary spending limitations, we recommend that the Clerk-Treasurer certify that the funds are or will be available prior to obligation by the Board. When prior certification is not possible, "then and now" certification should be used.

We recommend the Board certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Board incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The fiscal officer should deny payment for any expenditure without prior certification.

FINDING NUMBER 2008-002

Material Noncompliance – Certificate of Estimated Resources

Ohio Rev. Code Section 5705.36(A)(1) requires that, on or about the first day of the year, the Board should prepare a certificate of estimated resources which identifies the total amount of revenue expected from all sources which is available for expenditures from each fund along with any unencumbered balances that existed at the end of the preceding year. Ohio Rev. Code Section 5705.36(A)(2) requires that this certificate is to be amended if the Board expects the actual amount of revenue will be greater or less than the amount estimated on the certificate.

For 2008 and 2007, the Board failed to prepare a certificate of estimated resources. This condition caused the Board's appropriations to exceed their estimated resources.

We recommend the fiscal officer prepare an estimate of the revenues expected to be received during the upcoming year.

FINDING NUMBER 2008-003

Material Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Rev. Code Section 5705.39 states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure.

For 2008 and 2007, the Board's appropriations exceeded the estimated resources because a certificate of estimated resources was not prepared (See Finding Number 2008-002).

We recommend the fiscal officer review and monitor appropriations to ensure the estimated resources are not exceeded, or additional amended certificates are obtained to compensate for this issue.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDING NUMBER 2008-004

Material Weakness – Concession Stand Receipts

The concession stand is open during scheduled games held at the Board's baseball fields. Currently, the concession stand activity is maintained by a volunteer who submits financial information to the Board when requested. Information maintained for the concession stand includes the sales price per item and total sales per day.

The concession stand does not generate inventory records and does not create detailed purchasing or sales records that would aid in maintaining inventory records. Proper inventory records would allow the Board to reconcile inventory sold to sales revenue and aid in the reordering process.

While we could not ensure the completeness of concession stand revenue we were able to agree revenue documented as received to the bank statements.

The concession stand started using cash registers in 2007 to track sales. On 19 out of 25 register tapes examined we noted hand-written adjustments with no explanation for the adjustment. We noted three register tapes with voids totaling \$461 with no explanation. We noted on four register tapes the price charged for the items sold did not agree to the concession price list. We noted items sold through the cash register but were not included on the concession price list.

Not ensuring all receipts and inventory are properly accounted for creates an opportunity for the misappropriation of assets.

We recommend detailed sales and purchase information be maintained for the concession stand. Further, we recommend the Board generate and maintain detailed inventory records. We also recommend any adjustments to sales be explained in detail and initialed by a supervisor.

FINDING NUMBER 2008-005

Significant Deficiency – Accounting System

Ohio Administrative Code Section 117-2-02(D) requires all local public offices to maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Revenue ledger, which typically assembles and classifies receipts into funds and accounts for each type of revenue. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditures into separate accounts for, at a minimum, each fund and account listed in the budget. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns. Consequently, utilization of an appropriations ledger will enable the Board to adequately monitor their expenditures against the established budget.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

Significant Deficiency – Accounting System* (Continued)

The fiscal officer provided us with the check book in order to view the transactions of the Board during the audit period. They do not maintain financial records other than the checkbook. The Board approves all expenditures before the check can be written by the fiscal officer. The Board had one fund during our audit period.

As the Park expands, the possibility exists that additional funds will be required. With additional funds, more detailed bookkeeping will be required to ensure proper segregation of transactions, fund balances are positive, and money is used in accordance with the fund's purpose.

We recommend the Board utilize a bookkeeping software package or a method of record keeping to ensure proper segregation of funds and spending by the Board.

Official's Response:

We did not receive an Official's Response to these Findings.

**LAGRANGE COMMUNITY PARK BOARD
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	The Board is required to prepare purchase orders that include the certification language 5705.41(D) requires to authorize disbursements.	No	Not corrected, see finding 2008-001
2006-002	The Board is required to prepare a certificate of estimated resources and adopt an appropriation measure for the year. None of these items were completed.	No	For 2007 and 2008, the Board prepared a line-item budget. However, they failed to prepare a certificate of estimated resources. See finding 2008-002
2006-003	The Board should keep detailed sales and expenditure information for concession stand.	No	Not corrected, see finding 2008-004
2006-004	Monthly bank reconciliations were not completed.	Yes	Finding no longer valid



Mary Taylor, CPA
Auditor of State

LAGRANGE COMMUNITY PARK BOARD

LORAIN 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
DECEMBER 8, 2009**