



Dave Yost • Auditor of State



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Tully-Convoy Park District
Van Wert County
P.O. Box 302
Convoy, Ohio 45832

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Tully Convoy Park District, Van Wert County, (the District) for the years ended December 31, 2013 and 2012.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2013 or 2012.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. The District did not perform bank reconciliations for 2013 or 2012. Due to the limited activity for the audit period, the auditor was able to reconcile bank to book for the audit period with a \$349 unexplained variance at December 31, 2013. No Balance Sheet was available for audit, therefore the auditor took the ending balance from the prior audit report plus current receipts less current expenses per the Income Statement to determine ending fund balance for each year. Per the reconciliations, auditor noted two outstanding checks at December 31, 2011, one at December 31, 2012 and one at December 31, 2013. Also, it was noted that two deposits in 2013 were recorded into the system at erroneous amounts resulting in a reconciling item of \$1,369 added to the book receipts.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Failure to perform bank reconciliations resulted in inaccurate accounting system information. The District should reconcile bank to book on a monthly basis.

Also, the District's small size requires the Board involvement with critical accounting processes (such as bank reconciliations) to compensate for the inability to segregate these duties. The absence of these reviews may be a material weakness in internal accounting control, resulting in inaccurate cash balances, or even undetected theft.

2. The receipts of the District were not reported accurately and timely during 2013 and 2012 as follows:
 - The District receives local government funds monthly, however in 2013, only eight months of revenue were recorded and deposited four times though out the year and the 2012 revenue were recorded and deposited nine times though out the year. The last receipt posted in

2013 was in September. No activity from October through December 2013 was posted to the accounting system. The next receipt posted by the District was not until March 2014.

- Two out of the four receipt postings in 2013 were recorded at erroneous amounts which resulted in the books being understated by \$1,369.
- Tax receipts were posted at net instead of gross for the audit period
- No interest was posted for 2013

The failure to post accurate and timely receipts in the accounting system and year-end financial statements not only impacts the users of the financial statements but also results in the material misstatement of the financial statements.

3. The District collects fees for the rental of the Community Building. The following problems were noted in the recording and monitoring of rental fees:

- The Fiscal Officer used a calendar to indicate when events were booked and wrote on a calendar the name of the individual, the date requested for an event and then noted the date on which the event was booked after a contract was signed. However, the calendar was not available for either 2013 or 2012 for audit purpose;
- Sales receipts were written for rentals, however, the receipt did not include the rental type (i.e. wedding, graduation, etc.), date of the event, nor the total rental fee charged, and receipts were not written consistently for all rentals;
- Rental contracts were implemented in 2010; however, there was no way to access if contracts were present for all rentals without the calendar and the contracts not containing the receipt number, date, or amount;
- There was no evidence that the Board monitored the rental calendar and contracts and the fees that were charged and posted to the revenue ledgers.

The lack of required detailed documentation for rental fees, and the lack of maintaining an updated calendar could result in loss of revenues due to double booked dates and in the possibility of diversion of cash to personal use without detection. The lack of adequate records resulted in an opinion qualification for the years 2011 and 2010 due to the inability to determine the fair presentation of the rental fee revenue. In addition, the lack of an official contract with the renters that establishes the responsibilities and the monetary requirements from each party in regard to the rental and clean-up could lead to misunderstandings and possible legal issues.

4. The District did not maintain invoices for all expenses paid during the audit period. Lack of original receipts or invoices for the items purchased could lead to improper expenditures, and/or the issuance of finding for recovery. Expenditures should be supported with an original invoice or cash register receipt. This will help ensure that the expenditures are for a proper public purpose.
5. The District has not filed the 2013 or 2012 annual financial statements with the Auditor of State as required. Ohio Rev. Code Section 117.38, states that cash-basis entities must file annual reports with the Auditor of State within sixty days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon the filing of the past due financial report. The fiscal officer should file with the Auditor of State the 2013 and 2012 annual reports.

6. The District did not certify to the county auditor, for either 2013 or 2012, the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. As a result, Ohio Rev. Code Section 5705.36 was violated, and the county auditor was inhibited from completing other required budgetary documents for the District. In addition there was no evidence that the District filed any other required budgetary documents with the county auditor. The failure to file budgetary documents such as the annual appropriations resolution prevents the District from having legally approved appropriations which violates Ohio Rev. Code Section 5705.39.

The failure to have legally adopted appropriations results in all expenditures exceeding appropriations which violates Ohio Rev. Code Section 5705.41(B).

The District should review the Ohio Compliance Supplement and then develop a checklist that identifies the required approval and filing dates for budgetary documents. Also the District should integrate estimated receipts and appropriations into their accounting system to allow for the monitoring of budget versus actual activity. If the current accounting system does not allow the integration of budgetary amounts then consideration should be given to changing to a different accounting system.

Current Status of Matters we Reported in our Prior Engagement

1. In addition to item number 2 & 3 reported above, the prior audit report for the years ended December 31, 2011 and 2010 included the District not certifying expenditures as required by Ohio Rev. Code Section 5705.41 (D). The Fiscal Officer indicated expenditures were not prior certified during 2013 and 2012.



Dave Yost
Auditor of State

June 26, 2014

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TULLY CONVOY PARK DISTRICT

VAN WERT 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
JULY 15, 2014**