



Dave Yost • Auditor of State



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McDonald-Roundhead Joint Recreational District
Hardin County
P.O. Box 23
Roundhead, Ohio 43346

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the McDonald-Roundhead Joint Recreational District, Hardin County, (the District) for the years ended December 31, 2015 and 2014.

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, 2015 or 2014.

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. We noted that General Fund disbursements plus year-end encumbrances of \$38,302 exceeded appropriations by approximately \$12,655 for the year ended December 31, 2015. Ohio Rev. Code §5705.41(B) prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated as provided in such chapter. Disbursements in excess of appropriations increase the risk of deficit spending.

To help prevent actual disbursements in excess of appropriations, budget versus actual activity should be monitored throughout the year.

2. The District does not prepare formal reconciliations. At the end of each month the Clerk compares the receipts, expenditures, and balance on the bank statement to the receipts, expenditures, and balance in the ledger book. The Clerk also has the Board Members sign the bank statement. There is no formal reconciliation completed which shows any outstanding items from the bank and a comparison of the balance per the bank statement and the ledger book.

We examined the bank statements prepared as of December 31, 2015. The comparison of the bank to book balances included an unexplained reconciling amount of \$88.02, which results in actual available cash exceeding fund balance by this amount. The Clerk was able to determine what this amount represented, except a balance of \$1.98.

Preparing a formal reconciliation and reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. The Clerk should prepare a formal reconciliation each month.

Also, the District's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) 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.

3. **Ohio Rev. Code §117.38** states entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year-end. For the years ended December 31, 2015 and 2014, the District did not file an annual report within 60 days of the fiscal year-end.

The District should ensure that its annual financial reports are timely filed with the Auditor of State. Failure to file annual financial statements in a timely manner may result in the District not being eligible for reduced audit procedures in the future, such as a basic audit or agreed upon procedures.

Current Status of Matters we Reported in our Prior Engagement

1. Our prior Agreed Upon Procedures engagement noted that the District did not comply with Ohio Rev. Code Section 5705.41(D) which requires certifying disbursements at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. During 2015 and 2014 the District did not comply with this requirement.



Dave Yost
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September 1, 2016



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MCDONALD ROUNDHEAD JOINT RECREATIONAL DISTRICT

HARDIN 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
SEPTEMBER 15, 2016**