



**LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Lawrence Township Joint Recreational District
Tuscarawas County
P.O. Box 100
Bolivar, Ohio 44612

To the Board of Trustees:

We have audited the accompanying financial statements of the Lawrence Township Joint Recreational District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements 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 statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the District as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2000, 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.

Lawrence Township Joint Recreational District
Tuscarawas County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, the Board of Trustees 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, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

July 25, 2000

**LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Cash receipts:		
Local taxes	\$25,033	\$25,977
Intergovernmental	1,351	1,332
Pool	24,032	19,624
Concession	10,190	8,581
Interest	176	211
Miscellaneous	136	89
Total cash receipts	60,918	55,814
Cash disbursements:		
Current:		
Salaries and benefits	24,969	21,913
Concession supplies	7,682	6,080
Pool supplies	2,816	4,331
Administrative equipment and supplies	563	4,560
Repair services	6,878	3,061
Auditor and treasurer fees	776	3,462
Utilities	5,718	7,762
Insurance	2,763	3,249
Miscellaneous	1,234	2,117
Total cash disbursements	53,399	56,535
Total cash receipts over/(under) cash disbursements	7,519	(721)
Fund cash balance, January 1	6,501	7,222
Fund cash balance, December 31	\$14,020	\$6,501
Reserves for encumbrances, December 31	\$2,672	\$1,380

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

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**LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lawrence Township Joint Recreational District, Tuscarawas County, (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 six-member Board of Trustees appointed by the Villages of Bolivar and Zoar and Lawrence Township. The District provides maintenance and supervision of leisure time activities within Lawrence Township.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow 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 they are earned. Disbursements are recognized when they are 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. Cash

During 1999 and 1998, all District funds were maintained in an interest-bearing checking account.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The General Fund is the only operating fund of the District. It is used to account for all financial resources.

E. 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 fund, 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. 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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlay) when paid. These items are not reflected as assets in the financial statements.

2. CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 1999 and 1998 was \$14,020 and \$6,501, respectively. District monies were maintained in demand deposits.

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$58,700	\$60,918	\$2,218

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$65,288	\$56,071	\$9,217

**LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$59,200	\$55,814	(\$3,386)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$57,285	\$57,915	(\$630)

4. NONCOMPLIANCE

Contrary to Ohio Revised Code Section 5705.41(D), the District honored all of its contracts and orders without a certificate, rather than declaring them null and void.

Contrary to Ohio Revised Code Section 5705.41(B), certain cash disbursement transactions during 1999 and 1998 were not within the District's legal level of control.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

6. RETIREMENT SYSTEM

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 1999.

**LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

7. RISK MANAGEMENT

The District obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public official's liability



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

Lawrence Township Joint Recreational District
Tuscarawas County
P.O. Box 100
Bolivar, Ohio 44612

To the Board of Trustees:

We have audited the financial statements of the Lawrence Township Joint Recreational District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 25, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-41279-001 and 1999-41279-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 25, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-41279-003 through 1999-41279-007.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1999-41279-003 and 1999-41279-004 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated July 25, 2000.

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

A handwritten signature in black ink, appearing to read 'Jim Petro', with a large, stylized loop at the end.

Jim Petro
Auditor of State

July 25, 2000

SCHEDULE OF FINDINGS

LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT DECEMBER 31, 1999 AND 1998

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-41279-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or order any 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 purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

- Then and Now Certificates - 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 Board of Trustees 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 the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During 1999 and 1998, 100 percent of District expenditures were not certified prior to entering into each respective purchase commitment. Also, neither of the two exceptions were utilized. We recommend the Clerk inform all District employees of the requirements of Ohio Rev. Code Section 5705.41(D). The District should consider implementing the use of so called Then and Now certificates and blanket certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for reoccurring and reasonably predictable matters or emergency matters which may arise from time to time. In addition, the Clerk should consider utilization of purchase orders as a method to encumber funds.

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

(Continued)

FINDING NUMBER 1999-41279-002

Noncompliance Citation

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

During 1999 and 1998, 43 percent and 10 percent of disbursement transactions tested, respectively, were not within appropriations at the object level of control, which is the District's legal level of control. In addition, at year end, object level expenditures within the General Fund exceeded appropriations for the following accounts:

1999	
Supplies	\$3,098
Repairs and Maintenance	3,878
1998	
Equipment	4,285

The Clerk should frequently compare actual expenditures plus encumbrances to appropriations at the legal level of control to avoid potential overspending.

FINDING NUMBER 1999-41279-003

Material Weakness

Financial Reporting and Board Oversight

The District's Receipt, Disbursement, and General Ledger reports containing budget to actual information were not submitted to the Board of Trustees from January 1998 through July 1998. In addition, the report package submitted to the Board of Trustees from August 1998 through December 1999 did not include monthly bank reconciliations. As a result, the Board of Trustees was unaware that monthly bank reconciliations were not completed by the Clerk; certain receipts from the Auditor of State and County Auditor were initially lost and subsequently reissued; certain vendor payments were paid twice; and District Receipt, Disbursement, and General Ledger balances were not accurately updated and maintained.

To monitor and effectively manage the District's financial condition, the Board of Trustees must receive timely, accurate, and complete financial reports. This condition hindered the Board of Trustee's ability to accurately monitor the District's financial condition.

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

(Continued)

FINDING NUMBER 1999-41279-004

Material Weakness

Accounting Records

The District's Receipt, Disbursement, and General Ledger reports did not reflect estimated receipts, appropriations, encumbrances, and budget-to-actual variances. Consequently, the Clerk and Board of Trustees were unable to monitor the District's budget status. This condition prevented the Clerk and Board of Trustees from properly evaluating, on an on-going basis, the status of anticipated District financial resources and planned expenditures.

The District's Receipt, Disbursement, and General Ledger reports should account for estimated receipts, appropriations and amendments, encumbrances, and budget-to-actual variances so the Clerk and Board of Trustees may effectively monitor and assess, on an on-going basis, results of estimated versus actual receipt and expenditure activity.

FINDING NUMBER 1999-41279-005

Reportable Condition

Organizational Chart and Job Descriptions

The Board of Trustees has not adopted a formal organizational chart or written job descriptions for the Clerk or Pool Manager. As a result, the Pool Manager's position has evolved to include many of the Clerk's responsibilities. The lack of defined responsibilities could lead to a lack of segregation of duties and errors not being detected in a timely manner.

The Board of Trustees should establish and adopt a formal organizational structure for the District. The Board of Trustees should also define and prepare written job descriptions which provide adequate segregation of duties and outline job responsibilities for the Clerk, Pool Manager, and all other key District personnel.

FINDING NUMBER 1999-41279-006

Reportable Condition

Pool and Concession Stand Collection Procedures

The Pool Manager did not issue duplicate receipts or monitor sales for the issuance of season pool passes, daily pool passes, swimming lessons or pool rentals. In addition, the Pool Manager did not maintain or reconcile concession stand daily receipts to each day's respective cash register tape. As a result, a lack of accountability exists over pool and concession stand receipts.

The Pool Manager should utilize duplicate, pre-numbered receipts. Also, the Pool Manager should utilize pre-numbered season pool passes and daily pool passes and keep an accurate account of the beginning and ending pool pass numbers sold. The Pool Manager should document and reconcile daily pool and concession stand receipts and cash register tapes, respectively. This will help ensure that inaccuracies and/or shortages/overages in collections are identified and resolved timely.

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

(Continued)

FINDING NUMBER 1999-41279-007

Reportable Condition

Employee Bonds

The Pool Manager was solely responsible for collecting and depositing receipts. However, the Pool Manager was not bonded. This condition exposed District pool and concession stand receipts to the risk of uninsured losses.

The Board of Trustees should determine an adequate bond amount and obtain bond coverage for all employees who are responsible for handling cash receipts in order to reduce the risk of uninsured losses.



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LAWRENCE TOWNSHIP JOINT RECREATIONAL DISTRICT

TUSCARAWAS 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 12, 2000