



**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – For the Year Ended December 31, 2000	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Miami County Park District
Miami County
2535 Ross Road
Tipp City, Ohio 45371

To the Board of Commissioners:

We have audited the accompanying financial statements of Miami County Park District (the District), as of and for the years ended December 31, 2000 and 1999. 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 audit.

We conducted our audit 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 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 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 balance and reserves for encumbrances of the Miami County Park District, as of December 31, 2000 and 1999, 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 May 17, 2001 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, 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.

Jim Petro
Auditor of State

May 17, 2001

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General Fund</u>
Cash Receipts:	
General Property Tax - Real Estate	\$514,142
Tangible Personal Property Tax	138,378
Intergovernmental Revenue	134,873
Grants	24,790
Investment Income	3,337
Gifts and Donations	45,491
Fees	112
Sales	<u>9,064</u>
 Total Cash Receipts	 <u>870,187</u>
Cash Disbursements:	
Current:	
Salaries - Employees	435,827
Supplies	98,447
Equipment	53,302
Contracts - Repair	14,361
Contracts - Services	83,502
Rentals	11,267
Advertising and Printing	179
Travel	14,154
Public Employees Retirement	58,144
Other	<u>185,548</u>
 Total Cash Disbursements	 <u>954,731</u>
 Total Receipts (Under) Disbursements	 (84,544)
 Other Financing Receipts:	
Other Sources	<u>4,669</u>
 Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	 (79,875)
 Cash Balance, January 1	 <u>660,025</u>
 Cash Balance, December 31	 <u><u>\$580,150</u></u>
 Reserves for Encumbrances, December 31	 <u><u>\$60,659</u></u>

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

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General Fund</u>
Cash Receipts:	
General Property Tax - Real Estate	\$504,011
Tangible Personal Property Tax	137,096
Intergovernmental Revenue	127,530
Grants	4,954
Investment Income	15,665
Gifts and Donations	30,314
Fees	307
Sales	12,500
Other Receipts	<u>24</u>
 Total Cash Receipts	 <u>832,401</u>
Cash Disbursements:	
Current:	
Salaries - Employees	398,020
Supplies	54,886
Equipment	72,908
Contracts - Repair	17,968
Contracts - Services	33,302
Rentals	6,762
Advertising and Printing	191
Travel	8,423
Public Employees Retirement	59,064
Workers' Compensation	5,123
Unemployment Compensation	74
Other	<u>114,870</u>
 Total Cash Disbursements	 <u>771,591</u>
 Total Receipts Over Disbursements	 60,810
 Other Financing Receipts	
Other Sources	<u>965</u>
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 61,775
 Cash Balance, January 1	 <u>598,250</u>
 Cash Balance, December 31	 <u><u>\$660,025</u></u>
 Reserves for Encumbrances, December 31	 <u><u>\$43,825</u></u>

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

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Miami County Park District, (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 Miami County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

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 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. Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Miami County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered 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.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 2.

F. 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 statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$801,194	\$874,856	\$73,662

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$1,044,955</u>	<u>\$1,015,390</u>	<u>\$29,565</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$775,127</u>	<u>\$833,366</u>	<u>\$58,239</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$778,221</u>	<u>\$815,416</u>	<u>(\$37,195)</u>

3. 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 Park Commissioners. 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 payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

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.

4. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. The District's full-time park rangers belong to the Law Enforcement Public Employees Retirement System. These systems are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. For 2000 and 1999, members of Law Enforcement PERS contributed 9% of their gross salaries. The District contributed an amount equal to 16.7% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 14.7% of participants' gross salaries for July 2000 through December 2000. The District has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The District is a member of the Public Entities Pool of Ohio (the Pool) which was formed during April 1987, for the primary purpose of managing and funding third-party claims against members. The District has obtained insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Miami County Park District
Miami County
2535 Ross Road
Tipp City, Ohio 45371

To the Board of Commissioners:

We have audited the accompanying financial statements of Miami County Park District (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 17, 2001. We conducted our audit 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 audit 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 2000-60355-001 and 2000-60355-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 17, 2001.

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. 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 2000-60355-003 through 2000-60355-007.

**Internal Control Over Financial Reporting
(Continued)**

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 item 2000-60355-003 to be a material weakness. 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 May 17, 2001.

This report is intended 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.

Jim Petro
Auditor of State

May 17, 2001

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

FINDING NUMBER 2000-60355-001

Finding For Recovery

Cynthia Hanbuch-Pinkerton is the education specialist for the Miami County Park District. Ms. Hanbuch-Pinkerton had an agreement with the Park District to be paid for 22 pay periods each year. She received pay for 23 pay periods, but only worked a total of 22 pay periods. This resulted in Ms. Hanbuch-Pinkerton being overpaid during 1999 in the amount of one thousand, three hundred, and seventy-eight dollars (\$1,378).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies being illegally expended is hereby issued against Cynthia Hanbuch-Pinkerton, favor of Miami County Park District's General Fund for the amount of one thousand, three hundred, seventy-eight dollars and no cents (\$1,378.00).

FINDING NUMBER 2000-60355-002

Finding For Recovery

Brian Lucas is a part-time Ranger for the Miami County Park District. During the pay period of April 1 - April 14, 2000, Mr. Lucas's time card documented 4 hours of work performed for the park district. He was paid for 40 hours at the hourly rate of \$7.54/hour for the pay period. This resulted in Mr. Lucas being overpaid for 36 hours during 2000 in the amount of two hundred, seventy-one dollars and forty-four cents (\$271.44).

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies being illegally expended is hereby issued against Brian Lucas, in favor of Miami County Park District's General Fund for the amount of two hundred, seventy-one dollars and forty-four cents (\$271.44).

FINDING NUMBER 2000-60355-003

Maintaining a Cashbook

The Park District does not maintain a cashbook, nor does management reconcile monthly to the County's financial reports. As a result, a grant received by the County for the Park District was not recognized by district officials and interest revenue earned during 2000 were not posted to the Park District's fund. Miami County posts all of the Park District's financial activity to one fund and does not account for donations or grants separately. By not maintaining a cashbook, separate ending balances at year-end are not carried forward, and restricted funds could lose their identity. For example, Miami County prepares the year-end report for the Park, and restricted funds are not separately identified in this report. By not identifying restricted funds, monies could be inappropriately spent. The Miami County Park District should maintain a cashbook and reconcile to the monthly financial reports received from Miami County Auditor's office. Restricted monies should be accounted for separately in the cashbook to properly reflect all fund balances. The District's financial statements presented in this report have been properly adjusted to reflect these corrections.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

FINDING NUMBER 2000-60355-004

Sick Leave and Vacation Balances

The District has a written policy establishing the procedures for sick leave and vacation use and accruals, however numerous weaknesses were noted regarding these policies and employee leave procedures:

- Sick leave request forms were not required and vacation request forms were not always being completed and/or maintained as required.
- Management maintained its own leave records, with no review process.
- Incorrect accrual rates were used for numerous employees, resulting in misstated vacation and sick leave balances.
- The Park District has two eligible employees permitted to carry forward vacation hours per the Policy Manual. The total vacation hours that both employees were allowed to grandfather in are not known at this time.
- An employee was permitted to accrue vacation beyond one year, which is against board policy.
- Inconsistencies between personnel records, leave records, and District policy were noted.

These weaknesses resulted in inaccurate leave balances, excessive payments for accumulated balances, and could result in an abuse of benefits. Management should determine accurate leave balances, and adjust as needed. The board should require employees to complete and submit vacation and sick leave request forms, and these forms should be approved by the immediate supervisor. The approved forms should be filed in the employee's personnel file.

FINDING NUMBER 2000-60355-005

Minutes

The record of proceedings is the official record of action taken by the Board and should reflect all pertinent information approved by the Board. The minutes did not reflect the acceptance of donations during 2000, amendments to the District's budget for 1999 or 2000, authorization of expenditures over \$500 per Board policy, approval of 1999 or 2000 wage increases, selling of stock, detail of contracts such as to whom the contract was awarded to and the amount. To assure that the transactions performed by the District are in accordance with the intent of the Board, the record of proceedings should reflect all approvals and other pertinent decisions taken by the Board.

FINDING NUMBER 2000-60355-006

Purchase Request Forms

Miami County Park District has procedures in place for making purchases. For expenditures over \$250, a purchase request form must be completed and signed by the supervisor and director, however management did not maintain a file for the purchase request forms. Forms for 35% of tested expenditures could not be located. The lack of proper approval could result in illegal, or excessive expenditures being made, and not detected in a timely manner. The office manager should attach the approved purchase request form to the purchase order to verify that purchases have the proper approval, and completed forms should be filed numerically to assist management in accounting for all purchase request forms.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

FINDING NUMBER 2000-60355-007

Credit Cards

The Park District has several types of credit cards for employees to use for business purpose. The following weaknesses were noted concerning the use of these cards:

- Gas receipts were not being signed by the employee using the card.
- Credit card statements were not being paid in full causing monthly finance charges to be charged.
- Logs were not being kept for long distance or calling card calls.
- Subsequent to the end of the audit period, unissued cards stored in an unsecured location in the District office had charges against them.

These weaknesses could result in undetected personal use of District funds, and has resulted in excessive costs from interest charges being incurred. This matter has been referred to the Miami County Prosecutor for any action he deems appropriate.

In order to improve controls over credit card usage, the Park District should adopt and implement a policy requiring a long distance phone log, signed receipts for all card use. Management should compare the logs and gas receipts against the statements, any unexplained charges should be investigated and any personal calls or uses should be reimbursed.

Credit cards should be paid in full in order to avoid finance charges, and any beginning balances should be investigated and paid if for park business.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MIAMI COUNTY PARK DISTRICT

MIAMI 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 3, 2001**