



**WARREN COUNTY PARK DISTRICT
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WARREN COUNTY PARK DISTRICT
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Warren County Park District
Warren County
300 East Silver Street
Lebanon, Ohio 45036

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Warren County Park District, Warren County, Ohio (the Park District), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Park 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 auditing standards generally accepted in the United States of America 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 described in Note 1, the Park 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 combined fund cash balances and reserves for encumbrances of the Warren County Park District, Warren County, as of December 31, 2000 and 1999, and its combined 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 September 24, 2001 on our consideration of the Park 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.

Warren County Park District
Warren County
Independent Accountants' Report
September 24, 2001

This report is intended solely for the information and use of the management, the Board of Park Commissioners and other officials authorized to receive this report under Section 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

September 24, 2001

**WARREN COUNTY PARK DISTRICT
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

| | 2000 | 1999 |
|--|----------------------|----------------------|
| Cash Receipts: | | |
| Intergovernmental | \$801,031 | \$847,256 |
| Investment Income | 7,760 | 6,520 |
| Gifts and Donations | 2,300 | 11,000 |
| Fees | 8,480 | 3,815 |
| Other Receipts | 10,682 | 2,082 |
| Total Cash Receipts | 830,253 | 870,673 |
| Cash Disbursements: | | |
| Current: | | |
| Salaries - Employees | 137,193 | 119,157 |
| Supplies | 39,851 | 33,407 |
| Materials | 12,200 | 20,202 |
| Equipment | 7,813 | 104,311 |
| Contracts - Repair | 134,438 | 148,689 |
| Contracts - Services | 31,820 | 27,979 |
| Rentals | 2,196 | 1,207 |
| Advertising and Printing | 1,099 | 1,148 |
| Public Employees Retirement | 15,117 | 16,107 |
| Workers' Compensation | 74 | 1,809 |
| Capital Outlay | 450,916 | 391,299 |
| Other | 34,666 | 25,901 |
| Total Cash Disbursements | 867,383 | 891,216 |
| Total Receipts Over/(Under) Disbursements | (37,130) | (20,543) |
| Other Financing Receipts/(Disbursements): | | |
| Sale of Fixed Assets | 1,620 | 23,643 |
| Reimbursements | | 646 |
| Refunds | | 272 |
| Total Other Financing Receipts/(Disbursements) | 1,620 | 24,561 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (35,510) | 4,018 |
| Fund Cash Balances, January 1 | 144,932 | 140,914 |
| Fund Cash Balances, December 31 | \$109,422 | \$144,932 |
| Reserves for Encumbrances, December 31 | \$82,697 | \$107,619 |

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

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**WARREN COUNTY PARK DISTRICT
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Warren County Park District, Warren County, Ohio (the Park 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 Park District is directed by a three-member Board of Commissioners appointed by the probate judge of Warren County. The Park 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 Park 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 Park District's cash is held and invested by the Warren County Treasurer, who acts as custodian for Park District monies. The Park 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 Park District uses fund accounting to segregate cash and investments that are restricted as to use. The Park District records all transactions in the General Fund. The General Fund is the general operating fund and 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 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.

**WARREN COUNTY PARK DISTRICT
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Park 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 3.

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 leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Park 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 | \$809,250 | \$831,873 | \$22,623 |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$953,982 | \$950,080 | \$3,902 |

**WARREN COUNTY PARK DISTRICT
WARREN COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | <u>\$798,800</u> | <u>\$895,234</u> | <u>\$96,434</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | <u>\$939,714</u> | <u>\$998,835</u> | <u>(\$59,121)</u> |

General Fund expenditures exceeded the appropriation authority during 1999 because the Park District recorded, for financial reporting purposes only, expenditures for payments by the Ohio Department of Transportation directly to contractors on behalf of the Park District. The Park District did not formally establish a fund as required by Ohio Rev. Code Section 5705.09(F) and therefore did not establish the required budgetary authority.

3. REVENUE

The Park District's major source of revenue is Local Government Money and Local Government Revenue Assistance Money received from Warren County. The Park District receives four percent of the total distributed to the County.

4. RETIREMENT SYSTEM

The Park District's full-time 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 postretirement 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Park District contributed an amount equal to 10.84% of participants' gross salaries in 2000 and an amount equal to 13.55% in 1999. The Park District has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Park District has obtained commercial insurance for the following risks:

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

The Park District also provides health insurance to full-time employees through a private carrier.

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

Warren County Park District
Warren County
300 East Silver Street
Lebanon, Ohio 45036

To the Board of Park Commissioners:

We have audited the financial statements of the Warren County Park District, Warren County, Ohio (the Park District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 24, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Park 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Park District in a separate letter dated September 24, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park 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 a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Park District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60483-001.

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, we believe the reportable condition described above is not a material weakness.

Warren County Park District
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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 the management of the Park District in a separate letter dated September 24, 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

September 24, 2001

**WARREN COUNTY PARK DISTRICT
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-60483-001

Reportable Condition - Health Insurance

The Park District participated in the health insurance plan of Warren County. During the County's audit, we noted that Warren County has delegated employee's health insurance claims processing, which is a significant accounting function to a third party administrator. The County has not established procedures to reasonably determine that health insurance claims have been completely and accurately processed in accordance with the health insurance contract.

We recommend that Warren County (the Park District's fiscal agent), implement procedures to reasonably assure the completeness, and accuracy (including eligibility and allowability) of Health Insurance Claims processed by their third party administrator. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in that Statement, we suggest that the County obtain a "Report on Policies and Procedures Placed in Operation and Test of Operating Effectiveness" from the third-party administrator. Such a report, if unqualified, would provide evidence to the County and the Park District's management that health insurance claims were being processed in conformance with the contract.



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WARREN COUNTY PARK DISTRICT

WARREN 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
OCTOBER 9, 2001**