



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Hubbard Township Park District
Trumbull County
P.O. Box 177
Hubbard, Ohio 44425

To the Board of Commissioners:

We have audited the accompanying financial statements of the Hubbard Township Park District (the District) Trumbull County, Ohio as of and for the years ended December 31, 2000 and December 31, 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 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 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 of the District as of December 31, 2000 and December 31, 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 June 24, 2002 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 the 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 24, 2002

**HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL COUNTY**

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

	General
Cash Receipts:	
General Property Tax - Real Estate	\$143,907
Intergovernmental	17,145
Investment Income	5,291
Fees	3,699
Other Receipts	1,467
 Total Cash Receipts	 171,509
Cash Disbursements:	
Current:	
Salaries - Employees	40,995
Supplies	1,565
Maintenance - Grounds	7,953
Equipment	13,099
Contracts - Repair	1,297
Insurance	6,713
Utilities	6,802
Public Employees Retirement	8,409
Workers' Compensation	567
Capital Outlay	123,668
Other	11,053
 Total Cash Disbursements	 222,121
 Total Receipts Over/(Under) Disbursements	 (50,612)
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (50,612)
 Fund Cash Balances, January 1	 117,022
 Fund Cash Balances, December 31	 \$66,410

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

**HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL COUNTY**

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

	General
Cash Receipts:	
General Property Tax - Real Estate	\$142,862
Intergovernmental	17,078
Investment Income	6,801
Fees	4,085
Other Receipts	63
 Total Cash Receipts	 170,889
Cash Disbursements:	
Current:	
Salaries - Employees	31,847
Supplies	2,321
Maintenance - Grounds	8,963
Equipment	23,718
Contracts - Repair	2,966
Insurance	2,733
Utilities	21,616
Public Employees Retirement	7,422
Workers' Compensation	5,391
Miscellaneous	5,121
Capital Outlay	7,161
Debt:	
Payment of Principal	30,529
Payment of Interest	1,729
 Total Cash Disbursements	 151,517
 Total Receipts Over/(Under) Disbursements	 19,372
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,372
 Fund Cash Balances, January 1	 97,650
 Fund Cash Balances, December 31	 \$117,022

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

**HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Hubbard Township Park District, Trumbull County, (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 Trumbull County. The District provides recreational activities for all citizens.

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

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at share values reported by the State Treasurer.

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:

1. 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.

**HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL 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 the General Fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts).

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 re-appropriated. The District did not use the encumbrance method of accounting.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	2000	1999
Demand deposits	\$6,211	\$5,714
Certificates of deposit	50,064	47,370
Total deposits	56,275	53,084
STAR Ohio	10,135	63,938
Total investments	10,135	63,938
Total deposits and investments	\$66,410	\$117,022

**HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	163,800	171,509	7,709
Total	\$163,800	\$171,509	\$7,709

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$277,553	\$222,121	\$55,432
Total	\$277,553	\$222,121	\$55,432

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,771	\$170,889	\$7,118
Total	\$163,771	\$170,889	\$7,118

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$258,258	\$151,517	\$106,741
Total	\$258,258	\$151,517	\$106,741

**HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL COUNTY**

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

4. 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.

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.

5. RETIREMENT SYSTEM

The 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 District contributed an amount equal to 13.55% of participants' gross salaries for 1999 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The District has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

The District is uninsured for the following risks:

- Vehicles

7. LEGAL COMPLIANCE

Ohio Revised Code Section 5705.41 (D), requires the certificate of the fiscal officer be obtained prior to entering any contract or ordering any expenditure of money. The Park District failed to obtain the fiscal officers certification for certain obligations.



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

Hubbard Township Park District
Trumbull County
P.O. Box 177
Hubbard, Ohio 44425

To the Board of Commissioners:

We have audited the financial statements of Hubbard Township Park District (the District) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 24, 2002. 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 Hubbard Township 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-41178-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 24, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hubbard Township 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 June 24, 2002.

This report is intended for the information and use of the management and Board of Commissioners, 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 24, 2002

HUBBARD TOWNSHIP PARK DISTRICT
TRUMBULL 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 2000-41178-001

Ohio Rev. Code Section 5705.41 (D), states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriation fund free from any previous encumbrances. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two “exceptions” to the above requirements:

- i. Then and Now Certificate - 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 taxing authority 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 certificates, if such expenditure is otherwise valid.
- ii If the amount involved is less than one thousand dollars, the fiscal officer may issue a warrant upon completing a then and now certificate, but may authorize it to be paid without the affirmation of the Board.

Of the transactions tested 100% of the liabilities, contracts, and open purchase commitments were not certified by the fiscal officer and were not encumbered. These commitments were not subsequently approved by the taxing authority or the fiscal officer as provided in the above exceptions.

We recommend the District discontinue the practice of making expenditures without the proper certification as described above. We recommend a formal policy be adopted and internal controls be established to reduce the risk that expenditures could be made without the proper certification.



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HUBBARD TOWNSHIP PARK DISTRICT

TRUMBULL 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 30, 2002**