

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**REPORT ON FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
Columbus, Ohio 43215

Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Trustees  
Union County Joint Recreation Board  
Union County  
P.O. Box 422  
Marysville, OH 43040

We have reviewed the Independent Auditor's Report of the Union County Joint Recreation Board, Union County, prepared by Holbrook & Manter, for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Union County Joint Recreation Board is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 3, 2002

**This Page is Intentionally Left Blank.**

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – General Fund - For the Year Ended December 31, 2001 .....	4
Notes to the Financial Statements.....	5-7
Report on Compliance and Internal Control Required by <i>Government Auditing Standards</i> .....	8
Schedule of Findings.....	9-10



**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Union County Joint Recreation Board  
Union County  
P.O. Box 422  
Marysville Ohio, 43040

We have audited the accompanying financial statements of Union County Joint Recreation Board, Union County, Ohio, (the District) as of and for the year ended 2001. 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 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 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 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 combined fund cash balances of the Union County Joint Recreation Board, as of December 31, 2001, and its combined cash receipts and disbursements for the year 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 31, 2002 on our consideration of the Government'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 Governmental 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 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.

*Holbrook & Manter*

Certified Public Accountants

May 31, 2002  
Marysville, Ohio

-3-

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND**  
**CHANGES IN FUND CASH BALANCE - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>General</b>
<b>Cash receipts:</b>	
Intergovernmental	\$ 119,580
Donation	1,000
Interest	1,055
Miscellaneous	75
<b>Total cash receipts</b>	<b>121,710</b>
<b>Cash disbursements:</b>	
Current:	
Contract services	21,100
Building materials and maintenance	47,975
Field equipment and supplies	13,569
Utilities	9,568
Insurance	2,299
Debt:	
Principal	17,257
Interest	1,957
<b>Total cash disbursements</b>	<b>113,725</b>
<b>Excess of cash receipts over cash disbursements</b>	<b>7,985</b>
<b>Fund cash balances, January 1, 2001</b>	<b>1,409</b>
<b>Fund cash balances, December 31, 2001</b>	<b>\$ 9,394</b>
<b>Reserve for encumbrances, December 31, 2001</b>	<b>\$ 0</b>

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

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

**Description of the Entity** – Union County Joint Recreation Board, Union County, Ohio, (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 board of trustees consists of seven members, three appointed by the Union County Commissioners, three appointed by the Mayor of Marysville and one appointed by the Paris Township Trustees. The District was established for the purposes of acquiring, developing, operating and maintaining a sports complex and bicycle/walking trail in Union County.

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

**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.

**Cash** – During 2001, the District's funds were either maintained in a non-interest checking account or an interest-bearing savings account.

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

**Budgetary Process** - The Ohio Revised Code requires that each fund be budgeted annually.

**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.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Union County Budget Commission must also approve estimated resources.

**Encumbrances**

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

A summary of 2001 budgetary activity appears in Note 3.

**Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 – CASH:-**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31, 2001 was \$9,394. District monies were maintained in demand deposits.

Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 3 – BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2001 was as follows:

**2001 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ <u>69,580</u>	\$ <u>121,710</u>	\$ <u>52,130</u>

**2001 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ <u>69,713</u>	\$ <u>113,725</u>	\$ <u>(44,012)</u>

Contrary to Ohio Revised Code Section 5705.41(D), the District did not certify the availability of funds for all expenditures prior to commitments being made during the year. The difference is due to construction of a concession stand on the premises. The original budget was not amended to incorporate the appropriate changes.

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 4 – RISK MANAGEMENT:-**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials' liability

**NOTE 5 – DEBT:-**

The District signed a \$50,000 promissory note with Union Rural Electric Cooperative, Inc. on April 30, 1999, for the purpose of acquiring outdoor lighting facilities at the sports complex located on Home Road. The note will be repaid in monthly installments over 36 months. Starting in January of 2000, monthly payments of \$1,601, including interest at 7.00% are required until note payoff; final payment is due December, 2002.

Future amortization of the above debt, including interest, is scheduled as follows:

2002	\$ <u>19,215</u>
	\$ <u><u>19,215</u></u>



**Report on Compliance and on Internal Control Required by Government Auditing Standards**

Board of Trustees  
Union County joint Recreation Board  
Union County  
P.O. Box 422  
Marysville, Ohio 43040

We have audited the accompanying financial statements of Union County Joint Recreation Board, Union County, Ohio (the District ), as of and for the year ended December 31, 2001, and have issued our report thereon dated May 31, 2002 . We conducted our audits 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 District's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings at items 2001-1 to 2001-4.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 matter 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 of 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

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the District in a separate letter dated May 31, 2001

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

*Holbrook & Manter*

Certified Public Accountants

May 31, 2002  
Marysville, Ohio

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<i>Finding Number</i>	<b>2001-1</b>
-----------------------	---------------

Section 5705.36, Ohio Revised Code, states that the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the audit, we found did not have certificate of revenue on file. We recommend that the board certify to the county auditor the total revenue amount from all sources.

<i>Finding Number</i>	<b>2001-2</b>
-----------------------	---------------

Section 5705.41 (D), Ohio Revised Code, states that no subdivision shall make any contract or order any expenditure of money unless that 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 appropriate fund free from any previous encumbrance. 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.

The section provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum, both at time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District's Board 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 such expenditure is otherwise valid.
2. If the amount involved is less than \$1,000, the Board may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

During the testing of expenditures, we found the board did not utilize purchase order system. Expenditures without prior certification could result in expenditures exceeding appropriations. We recommend that a purchase order be completed before all expenditures are initiated and the Then and Now certificates as permitted by Ohio Revised Code be utilized.

**UNION COUNTY JOINT RECREATION BOARD**  
**UNION COUNTY**  
**SCHEDULE OF FINDINGS**  
**DECEMBER 31, 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

<i>Finding Number</i>	<b>2001-3</b>
-----------------------	---------------

Section 5705.09 and 5705.12, Ohio Revised Code, requires each subdivision to receive permission and establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose (ie capital projects).

During the audit, we found that a separate capital project fund was not established for the County and City monies received for the construction of the buildings. Without proper separation of funds, the restricted monies have been paid into the general fund and have been commingled with unrestricted monies to the extent that the particular source from which monies originated cannot be distinguished. We recommend that the board establish capital project funds when applicable and transfer proper money accordingly.

<i>Finding Number</i>	<b>2001-4</b>
-----------------------	---------------

Section 117.38, Ohio Revised Code, states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. GAAP-basis entities must file annual reports within 150 days. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfilled, not to exceed seven hundred fifty dollars. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The Auditor of State may provide waivers of these dates and penalties in certain circumstances.

During the audit, we found the board did not file annual reports with the Auditor of State within 60 days of the fiscal year end. Also, the board did not publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. We recommend the board file the annual reports with the Auditor of State on time and public notice in a local newspaper accordingly.





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

**UNION COUNTY JOINT RECREATION BOARD**

**UNION 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**