



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Waldo Township Park District
Marion County
P.O. Box 197
Waldo, Ohio 43356

To the Board of Commissioners:

We have audited the accompanying financial statements of the Waldo Township Park District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2001, and December 31, 2000. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the District as of December 31, 2001 and December 31, 2000, 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 August 16, 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 management, the 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.

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JIM PETRO
Auditor of State

August 16, 2002

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**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000**

	2001	2000
Cash Receipts:		
Local Taxes	\$ 17,787	\$ 16,564
Intergovernmental	1,040	2,031
Interest	738	747
Miscellaneous	1,515	156
Total Cash Receipts	21,080	19,498
Cash Disbursements:		
Current:		
Leisure Time Activities	23,569	12,697
Total Cash Receipts Over/(Under) Cash Disbursements	(2,489)	6,801
Cash Balances, January 1	41,675	34,874
Cash Balances, December 31	\$ 39,186	\$ 41,675

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

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**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Waldo Township Park District, Marion 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 Marion County. The District acquires lands for conversion into forest reserves and for the conservation of 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. Budgetary Process

The Ohio Revised Code requires that the District budget annually

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

The District did not follow all budgetary requirements relating to adopting a budget, certifying tax rates, establishing appropriations, limiting expenditures to amounts appropriated, and encumbering.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. CASH

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2001</u>	<u>2000</u>
Demand Deposits	\$39,186	\$41,675

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 30, 2000 follows. A comparison of budgeted versus actual budgetary basis expenditures is not presented for 2001 as the Board of Park Commissioners did not pass an appropriation measure for 2001.

2001 Budgeted Vs. Actual Receipts		
<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
\$19,170	\$21,080	\$1,910

2000 Budgeted Vs. Actual Receipts		
<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
\$19,295	\$19,498	\$203

2000 Budgeted Vs. Actual Budgetary Basis Expenditures		
<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
\$24,600	\$12,697	\$11,903

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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 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 Cemetery.

5. RISK MANAGEMENT

The District has obtained commercial insurance for general liability.

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

Waldo Township Park District
Marion County
P.O. Box 197
Waldo, Ohio 43356

To the Board of Commissioners:

We have audited the accompanying financial statements of the Waldo Township Park District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2001, and December 31, 2000, and have issued our report thereon dated August 16, 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 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 2001-30651-001 through 2001-30651-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated August 16, 2002.

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 2001-30651-006 through 2001-30651-008.

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 none of the reportable conditions described above is 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 August 16, 2002.

Waldo Township Park District
Marion County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

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

JIM PETRO
Auditor of State

August 16, 2002

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-30651-001
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Certification of Expenditures

Ohio Rev. Code Section 5705.41(D) states that no subdivision 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 appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This Section provides two exceptions to the above requirements:

- A. 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 purchase order or contract and at the time of the certificate, appropriated and free from any previous encumbrances, the Board of Commissioners may authorize the issuance of a check 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.

- A. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board of Commissioners, if such expenditure is otherwise valid.

One-hundred percent of transactions tested were not certified prior to the commitment being incurred, nor were they certified using a Then-and-Now certification. This procedure is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of the District funds being over expended or exceeding budgetary spending limitations.

Finding Number	2001-30651-002
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Certification of Tax Rates

Ohio Rev. Code Section 5705.34 states that each taxing authority, by ordinance or resolution, shall authorize the necessary tax levies and certify them to the county auditor before April 1st of each year.

The Board of Commissioners did not certify to the county auditor its 2001 tax rates.

Finding Number	2001-30651-003
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Tax Budget

Ohio Rev. Code Section 5705.28 states on or before July 15 in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year.

The Board of Commissioners did not adopt a tax budget for 2000 or 2001.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

Finding Number	2001-30651-004
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Annual Appropriations Resolution

Ohio Rev. Code Section 5705.38 states on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until October 1.

The Board of Commissioners did not adopt a 2001 appropriation resolution.

Finding Number	2001-30651-005
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Expenditures Exceed Appropriations

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

Since the District did not establish appropriations in 2001, total 2001 expenditures of \$23,569 exceeded appropriations.

Finding Number	2001-30651-006
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Budgetary Posting and Monitoring

The District did not maintain a receipt or appropriations ledger during the audit period. By not maintaining these ledgers with budgeted receipts and appropriations, the District may be unable to effectively monitor budgeted versus actual activity.

We recommend the District post all receipts to the receipt ledger and all disbursements to the appropriation ledger. In addition, we also recommend the District record all budgeted receipts in the receipt ledger and appropriations in the appropriation ledger in order to monitor budgetary activity. The accounts in the ledger should be set up consistently with the accounts in the appropriation measure.

Finding Number	2001-30651-007
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Bank Reconciliations

Monthly bank statement reconciliations were not performed during the audit period. By not reconciling monthly bank statements to the cashbook, the District cannot determine that all receipts and disbursements have been properly posted to the District's depository account or determine the District's true cash position.

We recommend that the Clerk reconcile the District's cashbook to the bank statements on a monthly basis.

Finding Number	2001-30651-008
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Board Monitoring

The Board of Park Commissioners was not provided financial reports to effectively monitor the activity of the District. Lack of legislative monitoring may lead to improper or unauthorized use of District monies.

We recommend the Board review on a regular basis, perhaps monthly or quarterly, bank reconciliations and budgeted versus actual financial activity. The Board should also review and authorize a listing of District expenditures before being paid.

**WALDO TOWNSHIP PARK DISTRICT
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30651-001	ORC 5705.41(D) – Certification of funds.	No	Not corrected. Finding is repeated for current audit period.
1999-30651-002	Maintenance of receipt and appropriation ledgers.	No	Not corrected. Finding is repeated for current audit period.
1999-30651-003	Bank Reconciliations	No	Not corrected. The finding has been repeated for the current audit period.
1999-30651-004	Regular meetings of Board of Comissioners.	Yes	Meetings were held periodically throughout 2000 and 2001.
1999-30651-005	Deposits of public monies.	No	Partially corrected. The timeliness of deposits has improved but there is still some delay in making deposits. This matter has been included in the management letter for the current audit period.



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WALDO TOWNSHIP PARK DISTRICT

MARION 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 17, 2002**