



**Auditor of State  
Betty Montgomery**



**SPENCER TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Spencer Township Park District  
Allen County  
3380 Monfort Road  
Spencerville, OH 45887

To the Board of Commissioners:

We have audited the accompanying financial statements of the Spencer Township Park District, Allen County, (the District) as of and for the years ended December 31, 2002 and 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 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, 2002 and 2001, 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 February 26, 2003 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.

Spencer Township Park District  
Allen County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 26, 2003

**SPENCER TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Intergovernmental Receipts	\$8,150
Interest	319
Miscellaneous Receipts	<u>99</u>
Total Cash Receipts	<u>8,568</u>
<b>Cash Disbursements:</b>	
General Government	4,014
Capital Outlay	3,812
Miscellaneous	<u>215</u>
Total Cash Disbursements	<u>8,041</u>
Total Receipts Over/(Under) Disbursements	<u>527</u>
Fund Cash Balance, January 1	<u>13,587</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$14,114</u></u></b>

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

**SPENCER TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Intergovernmental Receipts	\$10,931
Interest	443
	<hr/>
Total Cash Receipts	11,374
	<hr/>
<b>Cash Disbursements:</b>	
General Government	4,031
Capital Outlay	8,249
Miscellaneous	265
	<hr/>
Total Cash Disbursements	12,545
	<hr/>
Total Receipts Over/(Under) Disbursements	(1,171)
	<hr/>
Fund Cash Balance, January 1	14,758
	<hr/>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$13,587</u></u></b>

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



**SPENCER TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Spencer Township Park District, Allen 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 a common pleas judge of Allen County. As of May 2002, the Spencer Township Trustees rescinded the authority of the court of common pleas to appoint the board members, and assumed responsibility.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

All District funds were held in demand deposit accounts.

**D. Fund Accounting**

The District uses fund accounting and classifies its fund into the following type:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**E. Budgetary Process**

The Ohio Revised Code requires that a budget be prepared annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements) may not exceed appropriations, 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.

**SPENCER TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 use the encumbrance method of accounting.

A summary of 2002 and 2001 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 pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<b>2002</b>	<b>2001</b>
Demand Deposits	\$14,114	\$13,587

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2002 follows:

<b>2002 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$10,980	\$8,568	(\$2,412)

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$10,980	\$8,041	(\$2,939)

The District did not prepare a budget for 2001, therefore, there is no presentation for 2001.

**SPENCER TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2002  
(Continued)**

**4. RETIREMENT SYSTEM**

The District's 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 2002 and 2001, members of PERS contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for comprehensive property and general liability risks from Auto Owners Insurance.

**6. RELATED PARTY TRANSACTIONS**

Concrete flooring was installed in the shelter houses during 2001, and was completed by Doug Schwartz, son of Board member Jim Schwartz. Sealed quotes for this project were obtained, and Doug Schwartz did submit the lowest bid. The cost for this project was \$7,400, which accounts for 59 percent of the District's expenditures during 2001.

**7. CONTINGENCIES**

The District currently has a court case pending, in which the District has filed a Declaratory Judgment action against the Spencerville Youth Athletic Association regarding the legality of a lease entered into between the two parties for the use of park lands. We are unable to determine the effects this court settlement may have on future Park revenue. In the opinion of the District's Attorney, any potential liability would not have a material effect on the financial statements.

On March 3, 2003, a settlement was agreed to by both parties.

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## **Auditor of State Betty Montgomery**

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

Spencer Township Park District  
Allen County  
3380 Monfort Road  
Spencerville, OH 45887

To the Board of Commissioners:

We have audited the accompanying financial statements of Spencer Township Park District, Allen County, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 26, 2003. 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 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 District in a separate letter dated February 26, 2003.

#### **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. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 26, 2003.

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Spencer Township Park District  
Allen County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, 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.

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**Betty Montgomery**  
Auditor of State

February 26, 2003



**Auditor of State  
Betty Montgomery**

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**SPENCER TOWNSHIP PARK DISTRICT**

**ALLEN 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  
APRIL 3, 2003**