



**Auditor of State
Betty Montgomery**

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ada War Memorial Park District
Hardin County
P.O. Box 228
Ada, Ohio 45810

To the Board of Commissioners:

We have audited the accompanying financial statements of the Ada War Memorial Park District, Hardin County, (the "District"), as of and for the years ended December 31, 2003 and 2002. 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, 2003 and 2002, 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 March 25, 2004 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.

Ada War Memorial Park District
Hardin County
Independent Accountants' Report
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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 25, 2004

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

Cash Receipts:	
General Property Tax - Real Estate	\$121,165
Tangible Personal Property Tax	12,727
Grants	40,000
Investment Income	3
Gifts and Donations	9,006
Fees	12,300
Intergovernmental	19,306
Miscellaneous Income	3,278
Trust	4,439
	4,439
 Total Cash Receipts	 222,224
 Cash Disbursements:	
Current:	
Salaries	23,925
Auditor Fees	4,123
Supplies	23,579
Equipment	3,501
Repairs	2,992
Insurance	12,795
Utilities	9,287
Miscellaneous	542
Advertising	73
Public Employees Retirement	5,502
Bureau Workers' Compensation	871
Capital Improvements	104,137
Capital Equipment	8,865
Debt:	
Payment of Principal	81,125
Payment of Interest	6,951
	6,951
 Total Cash Disbursements	 288,268
 Total Receipts(Under) Disbursements	 (66,044)
 Other Financing Receipts:	
Other Sources - Loan Proceeds	45,000
	45,000
 Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	 (21,044)
 Fund Cash Balance, January 1	 62,153
 Fund Cash Balance, December 31	 \$41,109

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

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

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

Cash Receipts:

General Property Tax - Real Estate	\$118,191
Tangible Personal Property Tax	13,001
Investment Income	175
Gifts and Donations	3,598
Fees	12,918
Intergovernmental	19,472
Miscellaneous Income	<u>717</u>
 Total Cash Receipts	 <u>168,072</u>

Cash Disbursements:

Current:	
Salaries - Employees	23,053
Supplies	19,170
Auditor Fees	5,482
Equipment	476
Repairs	4,877
Insurance	13,934
Advertising	241
Utilities	7,751
Public Employees Retirement	4,720
Bureau Workers' Compensation	387
Miscellaneous	2,630
Capital Improvements	39,916
Capital Equipment	13,733
Debt:	
Payment of Principal	52,861
Payment of Interest	<u>7,046</u>
 Total Cash Disbursements	 <u>196,277</u>

Total Receipts (Under) Disbursements (28,205)

Other Financing Receipts:

Other Sources - Loan Proceeds	<u>42,000</u>
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Excess of Cash Receipts and Other Financing
Receipts Over Cash Disbursements 13,795

Fund Cash Balance, January 1 48,358

Fund Cash Balance, December 31 \$62,153

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

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ada War Memorial Park District, Hardin 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 Hardin County. 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. 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

The Park District does not have any investments. All money is maintained in an interest bearing checking account.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its fund into the following type:

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.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, object 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) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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 balance for use by the General fund. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand Deposits	<u>\$41,109</u>	<u>\$62,153</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$165,054	\$267,224	\$102,170

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$227,331	\$288,268	(\$60,937)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,997	\$210,072	\$46,075

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,355	\$196,277	\$16,078

Contrary to Ohio Rev. Code Section 5705.41(B), budgetary expenditures exceeded the appropriation authority in the General fund by \$60,937 for the year ended December 31, 2003.

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.

Public utilities are also taxed on personal and real property located within the District.

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. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Promissory Note - January 2000	\$56,579	5.25%
Promissory Note - June 2003	17,435	4.125%
Promissory Note - October 2003	5,000	3.50%
Total	\$79,014	

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

The District issued a promissory note to Liberty National Bank on January 31, 2000, in the amount of \$120,000 for park improvements. This note matures September 15, 2009. Interest and principal payments are due semi-annually to Liberty National Bank. The amortization schedule below is through 2008 since the District has been making additional debt payments.

The District issued a promissory note to National Bank and Trust on September 20, 2002, in the amount of \$42,000 for park improvements. This note matured on September 20, 2012, however, the District paid this note off on June 13, 2003.

The District issued a promissory note to National Bank and Trust on June 5, 2003, in the amount of \$40,000 for park improvements. This note matures June 5, 2008. Interest and principal payments are due monthly to National Bank and Trust. The amortization schedule below is through 2006 since the District has been making additional debt payments.

The District issued a promissory note to National Bank and Trust on October 14, 2003, in the amount of \$5,000 to purchase a truck. This note matures April 14, 2004. Principal and interest payment is due one time to National Bank and Trust.

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

	Promissory Note - <u>January 2000</u>	Promissory Note - June <u>2003</u>	Promissory Note - <u>October 2003</u>
Year ending December 31:			
2004	\$17,548	\$8,881	\$5,140
2005	16,016	8,881	
2006	14,566	452	
2007	13,188		
2008	1,969		
Total	<u>\$63,287</u>	<u>\$18,214</u>	<u>\$5,140</u>

6. 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 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2003. The District has paid all contributions required through December 31, 2003.

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

8 CONTINGENT LIABILITIES

The District is involved in an issue regarding unemployment compensation that has not been reimbursed. If the outcome of this issue is not in favor of the District, it could have a significant financial impact on the District.

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Auditor of State Betty Montgomery

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

Ada War Memorial Park District
Hardin County
P.O. Box 228
Ada, Ohio 45810

To the Board of Commissioners:

We have audited the financial statements of the Ada War Memorial Park District, Hardin County, (the "District"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 25, 2004. 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 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 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 25, 2004.

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 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 March 25, 2004.

Ada War Memorial Park District
Hardin County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 25, 2004

**ADA WAR MEMORIAL PARK DISTRICT
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance

Ohio Rev. Code Section 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. During 2003, appropriations for the General Fund were \$227,331 and actual expenditures were \$288,268. This resulted in expenditures exceeding appropriations in the General Fund by \$60,937. When expenditures exceed appropriations the potential for negative fund balances is greatly increased.

The District should implement monitoring procedures to help ensure that expenditures do not exceed appropriations.



**Auditor of State
Betty Montgomery**

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ADA WAR MEMORIAL PARK DISTRICT

HARDIN 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
MAY 6, 2004**