



**Auditor of State
Betty Montgomery**

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bettsville Recreation Board
Seneca County
P.O. Box 004
Bettsville, Ohio 44815-0004

To the Board of Trustees:

We have audited the accompanying financial statements of the Bettsville Recreation Board (the Board) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Board'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 Board 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 Bettsville Recreation Board as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As stated in Note 3 to the accompanying financial statements, a reclassification of fund balance was made from the enterprise fund to the general and agency funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] on our consideration of the Board'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 Trustees, 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

April 30, 2004

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	General	Agency	
Cash Receipts			
Taxes	\$ 12,926	\$ -	\$ 12,926
Intergovernmental	2,298	-	2,298
Investment Income	59	-	59
Gifts and Donations	2,400	-	2,400
Fees	22,921	1,310	24,231
Other Receipts	4,753	-	4,753
Total Cash Receipts	<u>45,357</u>	<u>1,310</u>	<u>46,667</u>
Cash Disbursements			
Current:			
Salaries - Employees	15,074	-	15,074
Supplies and Materials	18,197	45	18,242
Contracts - Services	11,700	-	11,700
Public Employees Retirement	3,114	-	3,114
Workers' Compensation	408	-	408
Other	732	1,254	1,986
Total Cash Disbursements	<u>49,225</u>	<u>1,299</u>	<u>50,524</u>
Total Receipts Over/(Under) Disbursements	(3,868)	11	(3,857)
Fund Cash Balances, January 1	<u>13,495</u>	<u>733</u>	<u>14,228</u>
Fund Cash Balances, December 31	<u><u>\$ 9,627</u></u>	<u><u>\$ 744</u></u>	<u><u>\$ 10,371</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Agency</u>	
Cash Receipts			
Taxes	\$ 13,948	\$ -	\$ 13,948
Intergovernmental	1,273	-	1,273
Investment Income	127	-	127
Gifts and Donations	4,288	-	4,288
Fees	32,336	1,452	33,788
Other Receipts	9,160	-	9,160
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	61,132	1,452	62,584
Cash Disbursements			
Current:			
Salaries - Employees	19,315	-	19,315
Supplies and Materials	7,434	706	8,140
Contracts - Services	16,993	120	17,113
Public Employees Retirement	4,347	-	4,347
Workers' Compensation	240	-	240
Capital Outlay	3,714	-	3,714
Other	836	2,036	2,872
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,879	2,862	55,741
Total Receipts Over/(Under) Disbursements	8,253	(1,410)	6,843
Fund Cash Balances (restated), January 1	5,242	2,143	7,385
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 13,495	\$ 733	\$ 14,228
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Bettsville Recreation Board, Seneca County, (the Board) 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 Board consists of five members: Two of its members are representatives from the Bettsville Board of Education; the remaining three members are appointed by the Mayor of Bettsville. The Board maintains, equips, and operates the recreation facilities of the Village of Bettsville.

The Board's management believes these financial statements present all activities for which the Board 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. Fund Accounting

The Board uses fund accounting to segregate cash that is restricted as to use. The Board classifies its funds into the following types:

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.

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

2. Fiduciary Funds (Agency Fund)

Funds for which the Board is acting in an agency capacity are classified as agency funds. The Board had the following significant fiduciary fund:

Little League Fund – The Board acts as fiscal agent for the Bettsville Little League. This fund reports the activity of the Little League.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function 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 Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Board did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 4.

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

E. 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

The Board maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2003	2002
Demand deposits	\$ 10,371	\$ 14,228

Deposits are insured by the Federal Depository Insurance Corporation.

3. RECLASSIFICATION OF FUNDS

The Board's fund was previously reported as an Enterprise Fund. A reevaluation of this fund determined it would be more appropriate to report it as a General Fund. During this reevaluation, we also noted that the Board acts as fiscal agent for the Bettsville Little League. As a result, the fund balance of the Bettsville Little League was adjusted to a separate Agency Fund. The effect of these adjustments as previously reported is as follows:

	General	Agency	Enterprise
Fund Balance December 31, 2001	\$ -	\$ -	\$ 7,385
Fund Balance Reclassification	5,242	2,143	(7,385)
Restated Fund Balance January 1, 2002	\$ 5,242	\$ 2,143	\$ -
Receipts over disbursements as previously reported	\$ -	\$ -	\$ 6,082
Adjustments	6,082	-	(6,082)
Restated receipts over disbursements	\$ 6,082	\$ -	\$ -

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

4. 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	\$ 45,000	\$ 45,357	\$ 357

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 59,228	\$ 49,225	\$ 10,003

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,500	\$ 61,132	\$ (368)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 66,385	\$ 52,879	\$ 13,506

Contrary to Ohio law, fifty-eight percent of expenditure transactions tested were not certified by the fiscal officer at the time the commitment was incurred.

5. 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 Trustees. The State Board of Tax Equalization adjusts

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

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 payments, 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 Board.

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 Board.

6. RETIREMENT SYSTEM

The Board's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 OPERS contributed 8.5 percent of their gross salaries. The Board contributed an amount equal to 13.55 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Risk Pool Membership

The Board belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation. If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 20,174,977	\$ 19,358,458
Liabilities	(8,550,749)	(8,827,588)
Retained Earnings	<u>\$ 11,624,228</u>	<u>\$ 10,530,870</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 2,565,408	\$ 1,890,323
Liabilities	(655,318)	(469,100)
Retained Earnings	<u>\$ 1,910,090</u>	<u>\$ 1,421,223</u>



**Auditor of State
Betty Montgomery**

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

Bettsville Recreation Board
Seneca County
P.O. Box 004
Bettsville, Ohio 44815-0004

To the Board of Trustees:

We have audited the accompanying financial statements of the Bettsville Recreation Board (the Board) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 30, 2004, wherein we noted a reclassification of certain fund balances was made. 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 Board'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 Board in a separate letter dated April 30, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board'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 Board in a separate letter dated April 30, 2004.

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



Betty Montgomery
Auditor of State

April 30, 2004

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- 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 contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the 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.
- b. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

Fifty-eight percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all Board disbursements receive certification of the fiscal officer that the funds are or will be available.

**BETTSVILLE RECREATION BOARD
SENECA COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10574-001	Ohio Revised Code § 5705.41(D) - failure to certify funds.	No	Not corrected. Repeated as Finding # 2003-001.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

BETTSVILLE RECREATION BOARD

SENECA 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 27, 2004**