



**Auditor of State
Betty Montgomery**

**UNION COUNTY JOINT RECREATION BOARD
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Union County Joint Recreation Board
Union County
733 West Third Street
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of the Union County Joint Recreation Board, Union County, Ohio, (the Board) as of and for the years ended December 31, 2003, and December 31, 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 cash balance of the Board as of December 31, 2003, and December 31, 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 June 29, 2004, 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

June 29, 2004

**UNION COUNTY JOINT RECREATION BOARD
UNION COUNTY**

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

Cash Receipts:	
Intergovernmental	\$40,000
Fees	10,506
Contract	1,892
Miscellaneous	<u>6,458</u>
 Total Cash Receipts	 <u>58,856</u>
 Cash Disbursements:	
Current:	
Supplies	8,160
Equipment	9,632
Contracts - Other	21,409
Contracts - Labor	10,920
Other	<u>6,773</u>
 Total Cash Disbursements	 <u>56,894</u>
 Total Receipts Over/(Under) Disbursements	 1,962
 Cash Balance, January 1	 <u>5,652</u>
 Cash Balance, December 31	 <u><u>\$7,614</u></u>

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

**UNION COUNTY JOINT RECREATION BOARD
UNION COUNTY**

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

Cash Receipts:	
Intergovernmental	\$75,299
Fees	6,700
Donations	620
Interest	225
Miscellaneous	3,902
	<hr/>
Total Cash Receipts	86,746
	<hr/>
Cash Disbursements:	
Current:	
Supplies	3,866
Equipment	2,501
Contract - Labor	12,174
Utilities	7,164
Grounds & Building Repair	47,028
Other	3,344
Debt:	
Payment of Principal	13,402
Payment of Interest	1,009
	<hr/>
Total Cash Disbursements	90,488
	<hr/>
Total Receipts Over/(Under) Disbursements	(3,742)
Cash Balance, January 1	9,394
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Cash Balance, December 31	<u><u>\$5,652</u></u>

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, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union County Joint Recreation Board, Union County, Ohio, (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 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 Board was established for the purposes of acquiring, developing, operating and maintaining a sports complex and bicycle/walking trail in Union County.

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. Cash and Investments

As permitted by the Ohio Revised Code, the Union County Treasurer holds the Board's cash as custodian for the Board. The Board's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. 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. The Board did not use the encumbrance method of accounting.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**UNION COUNTY JOINT RECREATION BOARD
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ -	\$ 58,856	\$ 58,856

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ -	\$ 56,894	\$ (56,894)

2002 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ -	\$ 86,746	\$ 86,746

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$0	\$90,488	(\$90,488)

Contrary to Ohio law, the Board did not adopt a budget, or estimate resources for 2003 or 2002, nor did the fiscal officer certify the availability of funds prior to the Board incurring an obligation. As a result of not adopting appropriations, expenditures exceeded appropriations at December 31, 2003 by \$56,894 and by \$90,488 at December 31, 2002.

**UNION COUNTY JOINT RECREATION BOARD
UNION COUNTY**

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

3. DEBT

The Board 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 was to be repaid in monthly installments over 36 months. Starting in January of 2002, monthly payments of \$1,601, including interest at 7.00% were required until note payoff; final payment was due December, 2002.

On October 10, 2002 , Union Rural Electric Cooperative agreed to postpone installment payments on the loan until May 2003. On May 7, 2003, the Board's remaining balance of \$4,804 was forgiven by Union Rural Electric and there were no debt payments in 2003.

4. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials' liability

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Auditor of State Betty Montgomery

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

Union County Joint Recreation Board
Union County
733 West Third Street
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of the Union County Joint Recreation Board (the Board) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated June 29, 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Board in a separate letter dated June 29, 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. 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 Board'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 2003-003 and 2003-004.

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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 over financial reporting that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-003 to be 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 Board in a separate letter dated June 29, 2004.

This report is intended solely for the information and use of management and the Board of Trustees, 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

June 29, 2004

**UNION COUNTY JOINT RECREATION BOARD
UNION 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

Budgetary Requirements

Ohio Rev. Code Sections 5705.28(B)(2)(a), 5705.28(B)(2)(c), 5705.36, 5705.38, 5705.41(B) and 5705.41(D) require the Board to adopt a budget, establish appropriations and estimated resources, and certify the availability of funds prior to incurring an obligation. These requirements were effective for the years ending December 31, 2003, and December 31, 2002.

The Board did not approve a budget or appropriations for each year under audit. The Board did not estimate resources or certify the availability of funds prior to incurring an obligation throughout the years ending December 31, 2003 and December 31, 2002.

FINDING NUMBER 2003-002

Expenditures Exceeding Appropriations

Ohio Rev. Code Sections 5705.28 and 5705.41(B) prohibit a Board from making an expenditure unless it has been appropriated.

As noted in finding number 2003-001, the Board did not formally adopt appropriations for 2003 and 2002, accordingly, at December 31, 2003 and December 31, 2002, the Board's expenditures exceeded appropriations at the fund level in the following amounts:

Year/Fund	Appropriated	Expenditure	Variance
2003 General Fund	\$0	\$56,894	(\$56,894)
2002 General Fund	\$0	\$90,488	(\$90,488)

FINDING NUMBER 2003-003

Duplicate Receipts

The Board did not prepare pre-numbered duplicate receipts when money was received for the adult softball league or for field rentals. Pre-numbered duplicate receipts are a good way to document the transaction of money being received by the Board. By not issuing such duplicate receipts, there is an increased risk that errors or irregularities could occur and go undetected by management.

We recommend that pre-numbered duplicate receipts be issued for any monies paid by the public to the Board. The sequence of receipts should periodically be accounted for, and totals per the duplicate receipts should be reconciled to bank deposits and receipts per the accounting system. Duplicate receipts will enhance accountability over all Board funds.

FINDING NUMBER 2003-004

Un-booked Activity

The Board has un-booked activity (receipts and disbursements) for January and February 2003. In March 2003, Union County became the fiscal agent for the Board. No activity that occurred during January and February 2003, however, was posted to the ledgers maintained by the County. The fund balance for the Board was not correct due to the activity not being recorded. The Board has made entries to its accounting records to record this activity and it is included in the financial statements.

We recommend the Board post all activity to the ledgers in a timely manner.

**UNION COUNTY JOINT RECREATION BOARD
UNION 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>
2001-1	Ohio Rev. Code 5705.36	Not corrected	Re-issued in current year schedule of findings
2001-2	Ohio Rev. Code 5705.41D	Not corrected	Re-issued in current year schedule of findings
2001-3	Ohio Rev. Code 5705.09 & 5705.12	Corrected	
2001-4	Ohio Rev. Code 117.38	Not corrected	Re-issued in current year management letter



**Auditor of State
Betty Montgomery**

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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
AUGUST 17, 2004**