



**Auditor of State  
Betty Montgomery**



**AUGLAIZE TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance - Governmental Fund Type - For the Year Ended December 31, 2004 .....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance – Governmental Fund Type - For the Year Ended December 31, 2003 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings.....	11
Schedule of Prior Audit Findings.....	14

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

Auglaize Township Park District  
Allen County  
2395 South Phillips Road  
Harrod, Ohio 45850

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

April 7, 2005

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Auglaize Township Park District  
Allen County  
2395 South Phillips Road  
Harrod, Ohio 45850

To the Board of Commissioners:

We have audited the accompanying financial statements of Auglaize Township Park District, Allen County, (the District), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP disclosure or to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Auglaize Township Park District, Allen County, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

April 7, 2005



**AUGLAIZE TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Governmental Fund Type</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental Revenue	\$4,966
Grants	2,571
Gifts and Donations	1,601
Miscellaneous	405
	9,543
<b>Total Cash Receipts</b>	
<b>Cash Disbursements:</b>	
Current:	
Supplies	442
Equipment	159
Contracts - Services	5,307
Workers' Compensation	84
Capital Outlay	2,683
Other	69
	8,744
<b>Total Cash Disbursements</b>	
Total Receipts Over/(Under) Disbursements	799
Fund Cash Balance, January 1	562
	1,361
<b>Fund Cash Balance, December 31</b>	<b>\$1,361</b>

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

**AUGLAIZE TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Governmental Fund Type</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental Revenue	\$4,212
Grants	2,040
Gifts and Donations	371
Miscellaneous	57
Total Cash Receipts	6,680
<b>Cash Disbursements:</b>	
Current:	
Supplies	266
Equipment	62
Contracts - Services	4,478
Workers' Compensation	71
Capital Outlay	2,040
Other	50
Total Cash Disbursements	6,967
Total Receipts Over/(Under) Disbursements	(287)
Fund Cash Balance, January 1	849
<b>Fund Cash Balance, December 31</b>	<b>\$562</b>

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

**AUGLAIZE TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Auglaize Township Park District, Allen County, (the District) as a body corporate and politic. The probate judge of Allen County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets conducive to the general welfare.

The District has only one Commissioner.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes cash when received rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations are required to report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash**

All District funds are 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 and accounts for all financial resources.

**E. Budgetary Process**

The Ohio Revised Code requires that the District budget its fund annually.

**AUGLAIZE TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations, 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 District to reserve (encumber) appropriations when individual commitments are made. The District did not use the encumbrance method of accounting, as required by law.

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2004</u>	<u>2003</u>
Demand Deposits	<u>\$1,361</u>	<u>\$562</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

For the years 2004 and 2003, the District did not adopt a budget, prepare and certify available revenues, nor were annual appropriation measures adopted, as required by the Ohio Revised Code Sections 5705.28, 5705.36 and 5705.38 respectively. Also, certifications were not obtained that funds had been lawfully appropriated and were available for expenditure, as required by Ohio Rev. Code Section 5705.41(D).

**4. RISK MANAGEMENT**

The District has obtained commercial insurance for comprehensive property and general liability.



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Auglaize Township Park District  
Allen County  
2395 South Phillips Road  
Harrod, Ohio 45850

To the Board of Commissioners:

We have audited the financial statements of the Auglaize Township Park District, Allen County, (the District), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 7, 2005, wherein we noted the District followed accounting practices the Auditor of State previously prescribed for the year ended December 31, 2004, rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 7, 2005, we reported other matters involving internal control over financial reporting.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-005. In a separate letter to the District's management dated April 7, 2005, we reported other matters related to noncompliance we deemed immaterial.

Auglaize Township Park District  
Allen County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and the Board of Commissioners.  
It is not intended for 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 7, 2005

**AUGLAIZE TOWNSHIP PARK DISTRICT  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2004-001**

**Board of Commissioners**

**Ohio Rev. Code Section 511.19** states that the board of park commissioners shall consist of three electors. The electors may be residents of the township or of any municipal corporation that is located within the township that was within the township at the time that the park district was established. One of the commissioners shall serve for one year, one of the commissioners shall serve for two years, and one of the commissioners shall serve for three years, from the second Monday of May succeeding the appointment, and thereafter one commissioner shall be appointed annually to serve for three years. The court of common pleas shall fill any vacancy that occurs in the board by death, resignation, or otherwise, by appointment for the unexpired term.

From May 31, 2003, to the current date, there has been only one active commissioner, who also served as the clerk/treasurer. This represents in excess of a year and a half of the audit period. The Township Trustees and the Park Board Member have indicated that the attempt to recruit new board members has been unsuccessful.

Failure to maintain the required three-member Board could lead to decisions being made without the consent of a majority; lack of appropriate oversight and non compliance with statutes. If the District is unable to obtain members willing to serve, it should consider possible dissolution. Since the Township Trustees are the establishing authority, the Park District should consider issuing a request to incorporate the District into the Township.

**FINDING NUMBER 2004-002**

**Adoption of Operating Budget**

**Ohio Rev. Code Section 5705.28** states that 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 District did not adopt an operating budget for 2004 or 2003, nor did they follow any budgetary procedures as prescribed in the Ohio Revised Code, Chapter 5705.

Failure to adopt an operating budget could lead to expenditures being made not in line with the Board's intentions. The failure to adopt or follow budgetary procedures could lead to amounts being expended in excess of current resources and revenue being less than anticipated and not detected in a timely manner.

An operating budget should be adopted annually. In addition, the applicable sections of Chapter 5705, of the Ohio Revised Code should be reviewed in an effort to comply with the required budgetary requirements.

### **FINDING NUMBER 2004-003**

#### **Certification of Total Amount Available for Expenditure**

**Ohio Rev. Code Section 5705.36** requires that on or about the first day of each fiscal year the fiscal officer is to prepare and certify the total amount from all sources which is available for expenditure along with any encumbered balances that existed at the end of the preceding year.

The District did not prepare or certify the total amount of all sources available for expenditure along with any encumbered balances that existed at the end of the preceding year for 2004 or 2003.

Failure to certify the amount available for expenditure could lead to appropriations being made in excess of the available balance.

The District should prepare and certify the total amount of all sources available for expenditure along with any encumbered balances that existed at the end of the preceding year on an annual basis.

### **FINDING NUMBER 2004-004**

#### **Adoption of Annual Appropriation Measure**

**Ohio Rev. Code Section 5705.38**, states that on or about the first day of each fiscal year, an appropriation measure shall be passed to act as a measuring tool for the expenditures of the entity. If the taxing authority wants to postpone the passage of the annual appropriation measure it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

There was no evidence that a temporary or permanent appropriation resolution were adopted for either 2004 or 2003. Failure to formally approve resolutions could lead to expenditures being made which are not in line with the wishes of the Board, and in deficit spending.

The permanent appropriation resolutions should be formally adopted on an annual basis.

### **FINDING NUMBER 2004-005**

#### **Certification of Expenditures**

**Ohio Rev. Code Section 5705.41 (D)** states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer 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.

An exception to this requirement provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the certification is being completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of the warrant ("Then and Now"). The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.



**FINDING NUMBER 2004-005**  
**(Continued)**

Amounts of less than \$1,000 (\$3,000 after April 7, 2003), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Prior certification was not obtained for 100 percent of the expenditures in 2004 and 2003.

Certification that funds are available should be obtained prior to purchasing goods and services to prevent possible overspending of resources and/or the obligation of amounts in excess of funds available.

**AUGLAIZE TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2002-001	ORC 5705.28 - Adoption of Budget	No	Repeated as finding 2004-002
2002-002	ORC 5705.36 - Certification of Total Amount Available for Expenditure	No	Repeated as finding 2004-003
2002-003	ORC 5705.38 - Adoption of Annual Appropriation Measure	No	Repeated as finding 2004-004
2002-004	ORC 5705.41(D) - Prior Certification of Expenditures	No	Repeated as finding 2004-005



**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

**AUGLAIZE 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  
JUNE 21, 2005**