



**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Ashtabula Township Park Commission
Ashtabula County
120 Manola Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

We have audited the accompanying financial statements of Ashtabula Township Park Commission, Ashtabula County, Ohio, (the District) as of and for the years ended December 31, 2000 and December 31, 1999. 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 combined fund cash balances and reserves for encumbrances of the District as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with their report in considering the results of our audit.

In accordance with *Government Auditing Standards*, we have also issued our report date August 21, 2001 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.

This report is intended solely for the information and use of management and 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.

Jim Petro
Auditor of State

August 21, 2001

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**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

Governmental Fund Type

	General
Cash Receipts:	
Taxes	\$374,801
Intergovernmental	52,507
Interest	2,472
License, Permits and Fees	3,528
Other Receipts	15,639
Total Cash Receipts	448,947
Cash Disbursements:	
Current:	
General Government	248,135
Public Works	1,120
Conservation - Recreation	22,565
Capital Outlay	216,097
Total Cash Disbursements	487,917
Total Receipts Over/(Under) Disbursements	(38,970)
Other Financing Receipts/(Disbursements):	
Sale of Fixed Assets	5,503
Total Other Financing Receipts/(Disbursements)	5,503
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(33,467)
Fund Cash Balances, January 1	291,093
Fund Cash Balances, December 31	\$257,626
Reserves for Encumbrances, December 31	\$43,859

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

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Type</u>
	<u>General</u>
Cash Receipts:	
Taxes	\$350,672
Intergovernmental	77,632
Interest	2,395
License, Permits and Fees	21,868
Other Receipts	<u>19,432</u>
Total Cash Receipts	<u>471,999</u>
Cash Disbursements:	
Current:	
General Government	213,291
Conservation - Recreation	37,313
Capital Outlay	<u>144,340</u>
Total Cash Disbursements	<u>394,944</u>
Total Receipts Over/(Under) Disbursements	<u>77,055</u>
Other Financing Receipts/(Disbursements):	
Other Financing Sources	<u>4,804</u>
Total Other Financing Receipts/(Disbursements)	<u>4,804</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	81,859
Fund Cash Balances, January 1	<u>209,234</u>
Fund Cash Balances, December 31	<u><u>\$291,093</u></u>
Reserves for Encumbrances, December 31	<u><u>\$69,417</u></u>

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

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ashtabula Township Park Commission, Ashtabula County, (the Park Commission) 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 Park Commission is directed by a three-member Board of Commissioners appointed by the probate judge of Ashtabula County.

The Park Commission's management believes these financial statements present all activities for which the Park Commission 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

Certificate of Deposits are valued at cost.

Investments are reported as assets. Accordingly, purchase of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts and disbursements, respectively.

D. Fund Accounting

The Park Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Park Commission has the following type:

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.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

- **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

- **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

- **Encumbrances**

The Ohio Revised Code requires the Park Commission to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Park Commission.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Park Commission maintains cash and investments within its fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$257,626	\$194,511
Certificates of deposit		96,582
Total deposits	<u>\$257,626</u>	<u>\$291,093</u>

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$646,176	\$454,450	(191,726)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$678,289	531,776	146,513

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$606,084	\$476,803	(129,281)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$496,150	\$464,361	31,789

Ohio Revised Code § 5705.39 - states that the total appropriation from each fund should not exceed the total estimated resources available for expenditures as certified by the County Budget Commission. In the year ending December 31, 2000, the General fund had appropriations exceed the total estimated resources available.

Ohio Revised Code Sections 5705.02, 5705.07, and 5705.18 requires that the Park Commission adopt, by formal resolution, the amount of aggregate taxes levied in excess of the ten-mill limitation. There was no documentation this was done.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 2000
(Continued)**

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 Park Commission.

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 Park Commission.

5. RETIREMENT SYSTEM

The Park Commission'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 2000 and 1999, members of PERS members contributed 8.5% of their gross salaries. The Park Commission contributed an amount equal to 13.55% (for 1999) and 10.84% (for 2000) of participants' gross salaries. The Park Commission has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Park Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials liability



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

Ashtabula Township Park Commission
Ashtabula County
120 Manola Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

We have audited the accompanying financial statements of Ashtabula Township Park Commission, Ashtabula County, Ohio (the Park Commission), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated August 21, 2001. 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 Park Commission'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 2000-41104-001 and 2000-41104-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Park Commission in a separate letter dated August 21, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park Commission'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 judgement, could adversely affect the Park Commission'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 2000-41104-003 through 2000-41104-006.

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 necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-41104-004 through 2000-41104-006, to be material weaknesses. 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 Park Commission in a separate letter dated August 21, 2001.

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

Jim Petro
Auditor of State

August 21, 2001

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-41104-001

Noncompliance Citation-Appropriations Versus Estimated Resources

Ohio Revised Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated resources available for expenditures as certified by the County Budget Commission. The Park Commission's General Fund had appropriations which exceeded estimated resources certified by County Budget Commission for fiscal year 2000, contrary to Ohio Revised Code § 5705.39. Variances were as follows:

<u>Fund</u>	<u>Total Certified Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$646,176	\$678,289	(\$32,113)

Continuation of this practice may result in a deficit fund balance brought on by appropriations and actual expenditures exceeding actual revenue plus cash fund balance.

We recommend that the Park Commission compare appropriation balances and actual expenditures with total certified estimated resources and actual receipts monthly. Appropriations or certified estimated resources should be adjusted accordingly should it become apparent that actual expenditures will exceed actual resources within a given fund.

FINDING NUMBER 2000-41104-002

Noncompliance Citation-Ten Mill Limitation

Ohio Revised Code § 5705.02, 5705.07, and 5705.18 state that: the aggregate amount of taxes that may be levied on any taxable property in any one year is not to exceed ten mills on each dollar of tax valuation. This limitation is known as the "ten-mill limitation." The ten-mill limitation may only be exceeded (a) by a vote of the people, or (b) by a charter that provides for a higher limitation which may be levied without a vote of the people.

If the ten-mill limitation was exceeded, a *Resolution Accepting Amounts and Rates as Determined by the Budget Commission and Authorizing the Necessary Tax Levies and Certifying Them to the County Auditor* must be approved by the Board of the Park Commission.

For 1999 and 2000 the Park Commission had aggregate taxes levied in excess of the ten-mill limitation. For 1999 and 2000 no documentation was provided indicating the Board of the Park Commission approved the required resolution.

We recommend that the Board of the Park Commission pass a formal resolution in the Board Minutes accepting the amounts and rates as determined by the County Budget Commission.

FINDING NUMBER 2000-41104-003

Reportable Condition-Investment Journal

The Investment Journal maintained by the Clerk-Treasurer was not accurate. Transfers from the investment account to the general checking account were not always documented in the Investment Journal. A Treasury Investment Journal should provide a perpetual accounting of all Park Commission investment activity.

We recommend that the Clerk-Treasurer develop a Treasury Investment Journal to include the following:

- the date the investment was purchased.
- the financial institution where the investment was purchased.
- the investment account number.
- the interest rate.
- the number of days invested.
- the date the investment matures.
- the amount of investment purchased.
- the amount of investment redeemed.
- a "running balance of all investments.

This record would provide a basis for the preparation of investment reports that should be reviewed by the Board of the Park Commission.

FINDING NUMBER 2000-41104-004

Material Weakness-Cash Reconciliations

Cash reconciliations were prepared for the General bank accounts, but the reconciliations did not provide an accurate presentation of bank and book balances. There were numerous adjustments and reversing entries made to the books throughout the audit period, which lead to the reconciliations not being accurate.

Both the bank balance amounts and the cash fund balance amounts were "adjusted" by various reconciling items. The end result was that the "adjusted bank balance" did not agree in twenty of the twenty-four months of the audit with the ending balance on the Monthly Fund Report (book balance). Without maintaining an accurate accounting of the reconciling process between the bank and books, errors or irregularities may not be detected timely.

To improve the reconciliation process used by the Park Commission:

1. The Clerk-Treasurer should present to the Board of the Park Commission for approval, a combined reconciliation of funds and bank accounts that agree with the balance in the Monthly Fund Report.
2. The Clerk-Treasurer should use a consistent format to reconcile the bank balances to the cash fund balances. Notations should also be made to document when errors have been corrected, and the Board of the Park Commission should periodically review the reconciliations and determine whether there is support for large or unusual reconciling items.
3. Voided checks should be maintained with the bank statements.
4. Outstanding checks that have become stale dated should have a stop payment issued and reentered onto the books of the Park Commission. The Park Commission should follow the guidance of Ohio Revised Code Section 9.39 on unclaimed monies.
5. Due care should be exercised prior to issuing a check, receipting cash, and posting to the records in order to help eliminate the numerous corrections that appear on the cash journal.

FINDING NUMBER 2000-41104-005

Material Weakness-Monthly Financial Reports

The monthly financial report prepared by the Clerk-Treasurer was not presented to the Board of the Park Commission at regular monthly meetings for their review. Postings to the records of the Park Commission were not always current and various errors were noted throughout the audit period.

This practice does not provide the Board of the Park Commission with the current financial information necessary for them to make important decisions regarding finances of the Park Commission. We recommend that the monthly financial report include the following:

- Bank reconciliations which should agree with the monthly fund balance report;
- An investment report;
- Monthly fund balance report that contains current and accurate information;
- A comparison of estimated to actual receipts;
- A comparison of expenditures to appropriations.

The Board of the Park Commission should acknowledge receipt and review of this information in the Minutes.

FINDING NUMBER 2000-41104-006

Material Weakness-Financial Recording

Four different individuals performed the Clerk-Treasurer's duties during 1999 and 2000, with little or no on the job training available. For example, there was no other finance personnel to assist in the transition, no use/policy manual to summarize the Clerk-Treasurer's duties or summarize transaction processing, budgetary, or other procedures. This condition contributed to the conditions noted in findings 2000-41104-003 through 2000-41104-005.

With the high turn over rate in the Clerk-Treasurer's office, and lack of other finance department personnel to provide continuity, the Park Commission should develop policies and procedures to inform new finance personnel for the duties of the Clerk-Treasurer position. For example such policies and procedures might provide for the following:

Having the Board or another staff member become familiar with the functions and duties of the Clerk-Treasurer to help in the transition if necessary, and also to help assure that the Park Commission's records are kept current while a the Clerk-Treasurer position is vacant.

Establish a "tickler file" and job description manual to provide guidance to a new Clerk-Treasurer on when and how to perform the job functions of this office.

Establish a list of resources available and summaries of what those resources offer. Such a list might include: Uniformed Accounting Network (UAN) Help Hotline network; Auditor of State prepared manuals (e.g. Ohio Township Handbook, UAN Manual, Ohio Compliance Supplement); contacts for training seminars; and other relevant resources.



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ASHTABULA TOWNSHIP PARK COMMISSION

ASHTABULA 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
SEPTEMBER 11, 2001**