



**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43015
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Cardington-Lincoln Joint Recreation District
Morrow County
P.O. Box 63
Cardington, Ohio 43315

To the Recreation Board:

We have audited the accompanying financial statements of the Cardington-Lincoln Joint Recreation District, Morrow 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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.

Because of the inadequacies in the District's accounting records, we were unable to determine the completeness of charges for services receipts in the accompanying financial statement.

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, except for the effects of such adjustments, if any, as might have been determined necessary had charges for services receipts been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the cash balance of the District as of December 31, 2000 and December 31, 1999, 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 30, 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, the Recreation Board 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

March 30, 2001

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**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 1999**

	2000	1999
Cash Receipts:		
Property Tax	\$20,536	\$15,553
Intergovernmental	2,264	1,515
Grants	0	64,905
Interest	230	339
Gifts and Donations	10,000	810
Fees	1,041	730
Charges for Services	18,939	6,639
Other Receipts	2,478	1,905
Total Cash Receipts	55,488	92,396
Cash Disbursements:		
Current:		
Salaries - Employees	22,931	8,243
Supplies	9,730	4,271
Equipment	0	60
Contracts - Repair	503	113
Contracts - Services	4,924	4,406
Advertising and Printing	62	12
Capital Outlay	48,756	80,566
Debt:		
Payment of Principal	0	64,784
Payment of Interest	0	2,722
Other	2,568	660
Total Cash Disbursements	89,474	165,837
Total Receipts Over/(Under) Disbursements	(33,986)	(73,441)
Other Financing Receipts/(Disbursements):		
Proceeds from Sale of Public Debt:		
Proceeds of Loan	33,365	57,887
Total Other Financing Receipts/(Disbursements)	33,365	57,887
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(621)	(15,554)
Cash Balances, January 1	2,794	18,348
Cash Balances, December 31	\$2,173	\$2,794

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

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, (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 five-member Recreation Board appointed by the Board of Education of the Cardington-Lincoln Local School District and the mayor of the Village of Cardington. The District equips, operates, and maintains a park, playground, and swimming pool.

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. Budgetary Process

The Ohio Revised Code requires that the District adopt an annual budget.

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. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$2,173</u>	<u>\$2,794</u>
Total deposits	<u><u>2,173</u></u>	<u><u>2,794</u></u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$385,926</u>	<u>\$88,853</u>	<u>(\$297,073)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$385,030</u>	<u>\$89,474</u>	<u>\$295,556</u>

1999 Budgeted vs. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$122,501</u>	<u>\$150,283</u>	<u>\$27,782</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$104,076</u>	<u>\$165,837</u>	<u>(\$61,761)</u>

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Recreation Board. 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.

The District passed an operating levy in March 2000 for pool renovations. The levy is estimated to generate \$53,000 a year.

5. DEBT

Debt outstanding at December 31, 2000:

	Principal	Interest Rate
Bank Note	\$33,365	9%
Total	\$33,365	

The Recreation District obtained a line of credit on June 21, 2000, in the amount of \$33,365 at 9.00% for a term of six months to improve the bath house at the swimming pool. Interest and principal payments are due to the Farmers Citizens Bank upon receipt of a grant from the Ohio Department of Natural Resources in 2001. In 2000, the entire \$33,365 line of credit was used.

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

Year ending December 31:	Bank Note
2001	34,866
Total	\$34,866

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

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

6. RETIREMENT SYSTEM

The District's part-time employees belong to Social Security.

For 2000 and 1999, employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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



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

Cardington-Lincoln Joint Recreation District
Morrow County
P.O. Box 63
Cardington, Ohio 43315

To the Members of the Board:

We have audited the accompanying financial statements of the Cardington-Lincoln Joint Recreation District, Morrow County, Ohio (the District), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 30, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30659-001 and 2000-30659-002. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated March 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. 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 District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2000-30659-002 and 2000-30659-003. 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 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 finding 2000-30659-003 to be a material weakness. In addition, 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 30, 2001.

Cardington-Lincoln Joint Recreation District
Morrow County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

JIM PETRO
Auditor of State

March 30, 2001

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW 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 2000-30659-001

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

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 Center 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.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

The District does not certify expenditures or use purchase orders. The District does not utilize the encumbrance system of accounting.

FINDING NUMBER 2000-30659-002

Ohio Rev. Code Section 5705.41(B) states that, "No subdivision is to expend money unless it has been appropriated."

In 1999, expenditures exceeded appropriations by \$61,761.

The District experienced very large variances between budgeted versus actual receipts and disbursements in both 1999 and 2000. Appropriations represent the Recreation Board's approval to disburse money. The Board must monitor actual results against the budget to prevent deficit spending, and to enhance their understanding of the District's activities. The Board should regularly monitor actual receipts and disbursements versus the budget. If anticipated receipts fail to materialize, the Board should amend the budget.

FINDING NUMBER 2000-30659-003

The District has no formal policy on the handling and recording of monies collected at the swimming pool. In addition there is no documentation maintained to support the daily gate collections at the pool. Daily collection reports were utilized, however, they were not used consistently, nor did they always correspond to the amounts deposited. These weaknesses in the cash collection process could result in monies being diverted or lost without management's knowledge

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT
MORROW COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-30659-003 (Continued)

We recommend:

1. Pre-numbered gate tickets should be used or some method to accurately document the actual patrons each day. The number of tickets sold daily should be recorded on the daily collection reports and reconciled to the cash collections. The daily reports should be signed by the pool manager or someone independent of the collection process.
2. Pre-numbered passes should be used for weekly, single, and family pass patrons. Also, the number of passes sold each day should be recorded on the daily collection reports and reconciled to the cash collections. A record of these pre-numbered passes should be maintained by the Clerk throughout the pool season.
3. The Clerk should match the total receipts on the daily collection reports to the total deposit for the day. Any discrepancies should be investigated.
4. Written policies should be established by the Board to ensure all collection procedures are followed and understood by the employees.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CARDINGTON LINCOLN JOINT RECREATION DISTRICT

MORROW 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 1, 2001**