



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Portage County Park District
Portage County
449 South Meridian St.
Ravenna, OH 44266

To the Board of Commissioners:

We have audited the accompanying financial statements of the Portage County Park District, Portage County, Ohio (the District) as of and for the years ended December 31, 2001 and 2000. 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, 2001 and 2000, and its combined 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 20, 2002 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 the audit committee, management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 20, 2002

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Type</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Grants	\$90,500	\$0	\$0	\$90,500
Investment Income	10,546			10,546
Gifts and Donations	1,586			1,586
Local Government Funds	61,428			61,428
Other Receipts	37,000			37,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	201,060	0	0	201,060
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Salaries - Employees	44,093			44,093
Supplies	6,855			6,855
Equipment	5,369			5,369
Contracts - Services	8,227		10,600	18,827
Contracts - Projects			17,452	17,452
Travel	2,486			2,486
Public Employees Retirement	5,975			5,975
Workers' Compensation	930			930
Other	14,174			14,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	88,109	0	28,052	116,161
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	112,951	0	(28,052)	84,899
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):				
Other Sources	1,219			1,219
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,219	0	0	1,219
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	114,170	0	(28,052)	86,118
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	56,190	44,120	156,164	256,474
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$170,360	\$44,120	\$128,112	\$342,592
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$7,309	\$0	\$5,950	\$13,259
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The notes to the financial statements are an integral part of this statement.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

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

	<u>Governmental Fund Type</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Grants	\$0	\$0	\$74,250	\$74,250
Investment Income	10,216			10,216
Gifts and Donations	208		35,000	35,208
Local Government Funds	60,829			60,829
Other Receipts	36,425	31,620		68,045
	<u>107,678</u>	<u>31,620</u>	<u>109,250</u>	<u>248,548</u>
Cash Disbursements:				
Current:				
Salaries - Employees	31,008			31,008
Supplies	5,073	131		5,204
Equipment	928			928
Contracts - Services	8,479		36,275	44,754
Contracts - Projects			11,596	11,596
Land			939	939
Travel	1,375			1,375
Public Employees Retirement	3,362			3,362
Workers' Compensation	929			929
Debt:				
Payment of Principal			74,250	74,250
Other	19,537		20	19,557
	<u>70,691</u>	<u>131</u>	<u>123,080</u>	<u>193,902</u>
Total Receipts Over/(Under) Disbursements	<u>36,987</u>	<u>31,489</u>	<u>(13,830)</u>	<u>54,646</u>
Other Financing Receipts:				
Other Sources	46			46
	<u>46</u>	<u>0</u>	<u>0</u>	<u>46</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	37,033	31,489	(13,830)	54,692
Fund Cash Balances, January 1	19,157	12,631	169,994	201,782
Fund Cash Balances, December 31	<u>\$56,190</u>	<u>\$44,120</u>	<u>\$156,164</u>	<u>\$256,474</u>
Reserves for Encumbrances, December 31	<u>\$8,195</u>	<u>\$0</u>	<u>\$8,200</u>	<u>\$16,395</u>

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

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Portage County Park District, Portage 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 three-member Board of Commissioners appointed by the probate judge of Portage County. The District acquires lands for conversion into forest reserves and for the conservation of the 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 same as the Board deems conducive to the general welfare.

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. Cash and Investments

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District 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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Local Grant Fund – This fund receives grant monies for the improvement of the parks.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Wetland Mitigation Fund – This fund receives monies for the preservation of wetlands.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Funds:

Towner's Woods Improvement Fund – This fund receives proceeds for the improvement of a park trail.

Headwaters Trail Improvement Fund – This fund receives proceeds for the improvement of the Headwaters Trail.

E. 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 fund 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The District did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 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.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the District uses.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001-2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,245	\$202,279	(\$1,966)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,000	\$95,418	\$141,582
Special Revenue	75,500	0	75,500
Capital Projects	147,928	34,002	113,926
Total	\$460,428	\$129,420	\$331,008

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,896	\$107,724	\$9,828
Special Revenue	15,000	31,620	16,620
Capital Projects	74,250	109,250	35,000
Total	\$187,146	\$248,594	\$61,448

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,000	\$78,886	\$34,114
Special Revenue	26,631	131	26,500
Capital Projects	244,242	131,280	112,962
Total	\$383,873	\$210,297	\$173,576

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, the District did not properly encumber funds for 20% and 13% of expenditures tested in 2001 and 2000, respectively. Also contrary to Ohio law, appropriations exceeded estimated resources in the Wetland Mitigation Fund by \$ 30,879.

3. 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.

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.

4. RETIREMENT SYSTEM

The District'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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2001 through December 31, 2000. The District has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

The District provides health, dental and vision insurance coverage to full time employees through Portage County.



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

Portage County Park District
Portage County
449 South Meridian St.
Ravenna, OH 44266

To the Board of Commissioners:

We have audited the accompanying financial statements of Portage County Park District, Portage County (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-61667-001 and 2001-61167-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 20, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 20, 2002.

Portage County Park District
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 20, 2002

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-61167-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. (The County Auditor is the District's Fiscal Officer.) 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 two exceptions to the above requirements:

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 Park District 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 one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Commissioners.

Our test of disbursements indicated that 20% of expenditures tested in 2001 and 13% of expenditures tested in 2000 were committed prior to the certification of available funds by the County Auditor. Neither exception listed above was followed. This condition does not provide adequate accountability over the Park District's disbursements. Disbursements may be incurred which either the Commissioners or management has not authorized or which the Park District cannot afford.

We recommend that all Park District departments be advised that a purchase order with the certificate of the County Auditor be obtained prior to making an order involving the expenditure of money. Any request for payment from a vendor without such purchase order should be reviewed by management and follow the exceptions outlined in Ohio Rev. Code 5705.41(D).

**FINDING NUMBER 2001-61167-002
Noncompliance Citation**

Ohio Revised Code Section 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificate of Estimated Resources. For fiscal year 2001, the Wetlands Mitigation Fund was found to have appropriations in excess of the amount certified as available by the budget commission. (The County Auditor is the District's fiscal officer.)

Fund Name	Total Estimated Resources	Total Appropriations	Variance
Wetlands Mitigation	44,121	75,500	(31,379)

Actual fund receipts were not sufficient to permit Portage County Park District to obtain an amended certificate of estimated resources greater than or equal to the appropriations for the above mentioned funds.

Current year appropriations should be within the amount certified as required. Amendments should be made when deemed necessary throughout the year by approval of commissioners in the minutes. This procedure will help to ensure budgetary control and compliance.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PORTAGE COUNTY PARK DISTRICT

PORTAGE 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
JULY 23, 2002**