



**Auditor of State
Betty Montgomery**

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Five Rivers MetroParks
Montgomery County
1375 East Siebenthaler Avenue
Dayton, Ohio 45414

To the Board of Commissioners:

We have audited the accompanying financial statements of the Five Rivers MetroParks (the MetroParks) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the MetroParks' 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 MetroParks 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 fund cash balances and reserves for encumbrances of the Rivers MetroParks, Montgomery County as of December 31, 2002 and 2001, 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 September 3, 2003 on our consideration of the MetroParks 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 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 3, 2003

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Type			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
General Property Tax - Real Estate	\$11,714,419				\$11,714,419
Tangible Personal Property Tax	2,837,529				2,837,529
Intergovernmental	3,462,649				3,462,649
Investment Income	759,953				759,953
Gifts and Donations	212,422				212,422
Sales	46,777				46,777
Contracts - Services	3,900				3,900
Other Receipts	14,220	1,283			15,503
Total Cash Receipts	19,051,869	1,283			19,053,152
Cash Disbursements:					
Current:					
Salaries - Employees	6,134,983				6,134,983
Supplies	264,808				264,808
Materials	470,695				470,695
Contracts - Repair	1,377,440				1,377,440
Contracts - Services			13,280		13,280
Grants	266,769			200	266,969
Rentals	63,179				63,179
Advertising and Printing	450,674				450,674
Travel	91,037				91,037
Public Employees Retirement	751,840				751,840
Workers' Compensation	179,014				179,014
Unemployment Compensation	4,263				4,263
Capital Outlay	2,481,864		794,632		3,276,496
Other	695,714				695,714
Total Cash Disbursements	13,232,280		807,912	200	14,040,392
Total Receipts Over/(Under) Disbursements	5,819,589	1,283	(807,912)	(200)	5,012,760
Other Financing Receipts/(Disbursements):					
Transfers-In			236,604		236,604
Transfers-Out	(236,604)				(236,604)
Refunds	19,716				19,716
Reimbursements	106,582				106,582
Total Other Financing Receipts/(Disbursements)	(110,306)		236,604		126,298
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,709,283	1,283	(571,308)	(200)	5,139,058
Fund Cash Balances, January 1	14,251,707	4,200	814,401	982	15,071,290
Fund Cash Balances, December 31	\$19,960,990	\$5,483	\$243,093	\$782	\$20,210,348
Reserves for Encumbrances, December 31	\$62,520	\$0	\$3,278	\$0	\$65,798

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

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Gifts, Devises and Bequests		\$2,000	\$2,000
Investment Income	102	358	460
Sales	107,729		107,729
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	107,831	2,358	110,189
	<hr/>	<hr/>	<hr/>
Operating Cash Disbursements:			
Contracts - Services	105,081		105,081
Foundation Fee		147	147
Investment Managers Fee		95	95
Grants Paid		25	25
Supplies and Materials	300		300
Other Expenses	2,154		2,154
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	107,535	267	107,802
	<hr/>	<hr/>	<hr/>
Excess of Operating Receipts Over Operating Disbursements	296	2,091	2,387
Fund Cash Balances, January 1	22,460	22,152	44,612
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$22,756</u>	<u>\$24,243</u>	<u>\$46,999</u>

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

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

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

	Governmental Fund Type			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
General Property Tax - Real Estate	\$11,437,083				\$11,437,083
Tangible Personal Property Tax	3,088,979				3,088,979
Intergovernmental	2,702,749				2,702,749
Investment Income	653,559				653,559
Gifts and Donations	13,504				13,504
Sales	51,114				51,114
Contracts - Services	8,450				8,450
Other Receipts	4,802	793			5,595
Total Cash Receipts	17,960,240	793			17,961,033
Cash Disbursements:					
Current:					
Salaries - Employees	5,507,030				5,507,030
Supplies	273,943				273,943
Materials	415,770				415,770
Equipment	720,393				720,393
Contracts - Repair	373,755				373,755
Contracts - Services	808,226		27,423		835,649
Grants	264,060			4,221	268,281
Rentals	50,986				50,986
Advertising and Printing	367,189				367,189
Travel	75,529				75,529
Public Employees Retirement	661,306				661,306
Workers' Compensation	134,795				134,795
Unemployment Compensation	3,987				3,987
Capital Outlay	3,664,506		168,963		3,833,469
Other	592,529				592,529
Total Cash Disbursements	13,914,004		196,386	4,221	14,114,611
Total Receipts Over/(Under) Disbursements	4,046,236	793	(196,386)	(4,221)	3,846,422
Other Financing Receipts/(Disbursements):					
Transfers-In			790,046		790,046
Transfers-Out	(790,046)				(790,046)
Refunds	38,251				38,251
Reimbursements	327,926				327,926
Total Other Financing Receipts/(Disbursements)	(423,869)		790,046		366,177
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,622,367	793	593,660	(4,221)	4,212,599
Fund Cash Balances, January 1	10,629,340	3,407	220,741	5,203	10,858,691
Fund Cash Balances, December 31	\$14,251,707	\$4,200	\$814,401	\$982	\$15,071,290
Reserves for Encumbrances, December 31	\$0	\$0	\$8,008	\$0	\$8,008

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

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Gifts, Devises and Bequests		\$5,970	\$5,970
Investment Income	30	1,183	1,213
Sales	42,372		42,372
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	42,402	7,153	49,555
	<hr/>	<hr/>	<hr/>
Operating Cash Disbursements:			
Contracts- Services	18,189		18,189
Foundation Fee		99	99
Investment Managers Fee		123	123
Grants Paid		11,284	11,284
Other Expenses	1,753		1,753
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	19,942	11,506	31,448
	<hr/>	<hr/>	<hr/>
Excess of Operating Receipts Over/(Under) Operating Disbursements	22,460	(4,353)	18,107
Fund Cash Balances, January 1		26,505	26,505
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$22,460</u>	<u>\$22,152</u>	<u>\$44,612</u>

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

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Five Rivers MetroParks, Montgomery County, (the MetroParks), 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 MetroParks is directed by a three-member Board of Commissioners appointed by the probate judge of Montgomery County. The MetroParks acquires land 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 MetroParks management believes these financial statements present all activities for which the MetroParks 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 Montgomery County Treasurer holds the MetroParks cash as custodian for the MetroParks. The MetroParks assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

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

D. Fund Accounting

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

This fund is 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 MetroParks had the following Special Revenue Fund:

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Law Enforcement Fund – This fund was established for the receipt of funds seized through drug related offenses. Proceeds are utilized for education and prevention of drug abuse.

3. Capital Project Fund

This fund is 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 MetroParks had the following Capital Project Fund:

Five Rivers MetroParks Capital (Construction) Fund - This fund received proceeds from general fund transfers. The proceeds are being used to fund various park capital projects.

4. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The MetroParks had the following significant Enterprise Fund:

Riverscape River Rentals Fund - This fund is used to account for charges for services to provide a recreational facility for the general public.

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. The MetroParks had the following significant fiduciary funds:

Five Rivers MetroParks Fund (Non Expendable Trust Fund) – This fund was established to provide annual income to be used for or on the behalf of the MetroParks.

Five Rivers MetroParks Marketing Fund (Expendable Trust Fund) – This fund was established to benefit the MetroParks marketing needs.

E. Budgetary Process

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

1. Appropriation

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and object 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.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 MetroParks to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The MetroParks did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 4.

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. 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 MetroParks uses.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The MetroParks maintains a cash and investments pool used by the Enterprise Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$22,756	\$22,460

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

3. INVESTMENTS ON DEPOSIT WITH DAYTON FOUNDATION

At December 21, 2002 and 2001, the MetroParks had investment accounts totaling \$25,025 and \$23,134 respectively, which have been deposited with the Dayton Foundation Depository (the Depository). The Depository is a Donor-Directed tax-exempt organization. Such investments are not eligible for investment of public funds of the MetroParks under Ohio Revised Code, Section 135.

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,413,884	\$19,178,167	\$764,283
Special Revenue	0	1,283	1,283
Capital Projects	0	236,604	236,604
Enterprise	0	107,831	107,831
Fiduciary	0	2,358	2,358
Total	<u>\$18,413,884</u>	<u>\$19,526,243</u>	<u>\$1,112,359</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,602,196	\$13,531,404	\$5,070,792
Special Revenue	0	0	0
Capital Projects	1,070,561	811,190	259,371
Enterprise	0	107,535	(107,535)
Fiduciary	0	467	(467)
Total	<u>\$19,672,757</u>	<u>\$14,450,596</u>	<u>\$5,222,161</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,557,019	\$18,326,417	(\$230,602)
Special Revenue	0	793	793
Capital Projects	0	790,046	790,046
Enterprise	0	42,402	42,402
Fiduciary	0	7,153	7,153
Total	<u>\$18,557,019</u>	<u>\$19,166,811</u>	<u>\$609,792</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,537,427	\$14,704,050	\$3,833,377
Special Revenue	0	0	0
Capital Projects	1,027,132	204,394	822,738
Enterprise	0	19,942	(19,942)
Fiduciary	0	15,727	(15,727)
Total	<u>\$19,564,559</u>	<u>\$14,944,113</u>	<u>\$4,620,446</u>

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds: Fiscal year 2002; River Rental fund \$107,535. Fiscal year 2001; River Rental fund \$19,942 and Expendable and Nonexpendable Trust funds \$15,727.

Additionally, at December 31, 2001, the Capital Projects (Construction fund) had appropriations in excess of the amount certified as available by the board. Total estimated resources were \$220,741 and total appropriations were \$806,391 which caused a variance of \$585,650.

5. 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 MetroParks.

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 MetroParks.

6. RETIREMENT SYSTEM

The MetroParks 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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The MetroParks contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The MetroParks has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The MetroParks has obtained commercial insurance for the following risks:

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

**FIVE RIVERS METROPARKS
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

8. CONTINGENT LIABILITIES

The MetroParks is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the MetroParks financial condition.



**Auditor of State
Betty Montgomery**

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

Five Rivers MetroParks
Montgomery County
1375 East Siebenthaler Avenue
Dayton, Ohio 45414

To the Board of Commissioners:

We have audited the accompanying financial statements of Five Rivers MetroParks (the MetroParks) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 3, 2003. 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 MetroParks 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 2002-001 through 2002-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the MetroParks in a separate letter dated September 3, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the MetroParks 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.

Five Rivers MetroParks
Montgomery County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and the Board of 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 3, 2003

**FIVE RIVERS METRO-PARKS DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money is to be made unless there is attached there to 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.

This section of code provides the following exception to this requirement:

If no certificate is issued at the time the contract or order is presented, the fiscal officer may execute a then and now certificate that states, that there was, at the time of the making such contract or order, and at the time of the execution of such a certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount involved is greater than one thousand dollars, the taxing authority must authorize the drawing of a warrant with a resolution or ordinance within thirty days from the execution of the then and now.

During the period tested, 18 percent of governmental fund expenditures were certified after incurring obligations and 100% of proprietary fund expenditures were not certified at all. Failure to certify the availability of funds or record the related encumbrances in the budgetary accounts could result in expenditures exceeding appropriations at the legal level of control.

To ensure compliance with the above referenced Section of Code, the MetroParks should obtain the required certification of available funds prior to a liability being incurred.

FINDING NUMBER 2002-002

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. On December 31, 2001, the Capital Projects (Construction fund) had appropriations in excess of the amount certified as available by the board. Total estimated resources were \$220,741 and total appropriations were \$806,391 which caused a variance of \$585,650.

The MetroParks should monitor appropriations and estimated revenue throughout the fiscal year, making budgetary amendments as needed to be in compliance with the abovementioned section of Ohio Revised Code.

FINDING NUMBER 2002-003

Ohio Rev. Code Section 5705.41(B) outlines the restrictions on the appropriation and expenditure of money by the MetroParks. The requirement establishes that no subdivision or taxing unit is to expend money unless it has been appropriated. The Revised Code further outlines that appropriations should not be exceeded by expenditures and purchase commitments.

Budgetary laws and regulations were tested throughout the audit period at both the fund and the legal level of control. The legal level of control is the level at which the appropriation resolution is adopted by the MetroParks Council.

FINDING NUMBER 2002-003
(Continued)

At December 31, 2002 actual expenditures plus outstanding encumbrances exceeded appropriations at a fund level in the following funds:

Fund	Appropriations	Total Expenditures	Variance
Enterprise Fund:			
River Rental	0	107,535	(107,535)
Fiduciary Funds:			
Expendable & Non- expendable Trust	0	467	(467)

At December 31, 2001 actual expenditures plus outstanding encumbrances exceeded appropriations at a fund level in the following funds:

Fund	Appropriations	Total Expenditures	Variance
Enterprise Fund:			
River Rental	\$0	\$19,942	(\$19,942)
Fiduciary Funds:			
Expendable & Non- expendable Trust	0	15,727	(15,727)

The MetroParks should monitor appropriations and expenditures throughout the fiscal year, making amendments to its appropriations as needed to be compliance with this section of Ohio Revised Code. Implementing these procedures will also reduce the risk that the MetroParks expends and encumbers more than was legally appropriated by the Board.



**Auditor of State
Betty Montgomery**

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FIVE RIVERS METROPARKS

MONTGOMERY 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
OCTOBER 2, 2003**