



**Auditor of State  
Betty Montgomery**



JACKSON TOWNSHIP PARK DISTRICT  
ALLEN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Jackson Township Park District  
Allen County  
P.O. Box 7095  
Lafayette, OH 45854

To the Board of Commissioners:

We have audited the accompanying financial statements of the Jackson Township Park District, Allen County, (the District) as of and for the years ended December 31, 2002 and 2001. 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 fund cash balances of the District 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 April 9, 2003, 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.

Jackson Township Park District  
Allen County  
Independent Accountants' Report  
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This report is intended solely for the information and use of 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

April 9, 2003

**JACKSON TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Governmental Fund Type</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental Revenue	\$4,632
Investment Income	8
Gifts and Donations	706
Total Cash Receipts	5,346
<b>Cash Disbursements:</b>	
Current:	
Insurance	747
Electric	92
Sewer and Refuse	360
Gas	40
Labor	1,330
Equipment and Repairs	2,315
Miscellaneous	2,047
Total Cash Disbursements	6,931
Total Receipts Over/(Under) Disbursements	(1,585)
Fund Cash Balance, January 1, 2002	7,060
<b>Fund Cash Balance, December 31, 2002</b>	<b>\$5,475</b>

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

**JACKSON TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Governmental Fund Type</b>
	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental Revenue	\$4,960
Investment Income	21
Gifts and Donations	490
Other Receipts	163
Total Cash Receipts	5,634
<b>Cash Disbursements:</b>	
Current:	
Insurance	727
Electric	136
Sewer and Refuse	362
Gas	86
Labor	800
Mower Parts	291
Miscellaneous	47
Audit	1,000
Total Cash Disbursements	3,449
Total Receipts Over/(Under) Disbursements	2,185
Fund Cash Balance, January 1, 2001	4,875
<b>Fund Cash Balance, December 31, 2001</b>	<b>\$7,060</b>

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

**JACKSON TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Jackson Township Park District, Allen County, (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 Jackson Township Trustees. 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**

All District funds were held in demand deposit accounts.

**D. Fund Accounting**

The District uses fund accounting and classifies its fund into the following type:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations 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. Appropriations lapse at year end.

**JACKSON TOWNSHIP PARK DISTRICT  
ALLEN 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 cash as of January 1.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

**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.

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

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$5,475</u>	<u>\$7,060</u>

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

**3. COMPLIANCE**

The Jackson Township Park District did not prepare an operating budget, certify available revenue, nor was an annual appropriation measure adopted for 2002 and 2001, as required by Ohio Revised Code Sections 5705.28, 5705.36, and 5705.38 respectively. Also, based on the aforementioned deficiencies, the fiscal officer did not certify that the amounts required for orders or contracts had been lawfully appropriated and were in the treasury or in the process of collection as required by Ohio Rev. Code Section 5705.41(D).

**4. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.



**Auditor of State  
Betty Montgomery**

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

Jackson Township Park District  
Allen County  
P.O. Box 7095  
Lafayette, Ohio 45854

To the Board of Commissioners:

We have audited the accompanying financial statements of the Jackson Township Park District, Allen County (the District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 9, 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 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 as items 2002-40202-001 to 2002-40202-005. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 9, 2003.

**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 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 April 9, 2003.

Jackson Township Park District  
Allen County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of 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

April 9, 2003

**JACKSON TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-40202-001**

**Adoption of Operating Budget**

**Ohio Rev. Code Section 5705.28** states that on or before July 15, in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year.

The District did not adopt an operating budget for 2002 or 2001, nor did they follow any budgetary procedures as prescribed in the Ohio Revised Code, Chapter 5705.

Failure to adopt an operating budget could lead to expenditures being made not in line with the Board's intentions. Not adopting or following budgetary procedures could lead to amounts being expended in excess of current resources and expected revenue not being received and not detected in a timely manner.

An operating budget should be adopted annually and approval documented in the minutes. In addition, the applicable sections of Chapter 5705, of the Ohio Revised Code should be reviewed in an effort to familiarize the Board Members with the required budgetary requirements.

**FINDING NUMBER 2002-40202-002**

**Certification of Total Amount Available for Expenditure**

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

The District did not prepare or certify the total amount of all sources available for expenditure along with any encumbered balances that existed at the end of the preceding year for 2002 or 2001.

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

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

**FINDING NUMBER 2002-40202-003**

**Adoption of Annual Appropriation Measure**

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

There is no evidence in the minutes that the permanent appropriation resolution was adopted in 2002 or 2001. Failure to formally approve the permanent appropriation resolution in the minutes could lead to expenditures being made which are not in line with the wishes of the Board.

The permanent appropriation resolution should formally be adopted and noted in the minutes on an annual basis.

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

**FINDING NUMBER 2002-40202-004**

**Prior Certification of Expenditures**

**Ohio Rev. Code Section 5705.41 (D)**, states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

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

The District did not use the required certification procedures for 100 percent of the transactions in 2002 and 2001.

The required certification should be obtained from the fiscal officer prior to purchasing goods and services. When certification has not been obtained prior to the obligation, a "Then and Now" certification should be documented by the Clerk and subsequent approval should be obtained within thirty days from the Board for all amounts over one thousand dollars.

**FINDING NUMBER 2002-40202-005**

**Filing of Annual Report**

**Ohio Rev. Code Section 117.38**, states cash-basis entities must file an annual report with the Auditor of State within 60 days of the fiscal year end. This report must be filed on forms prescribed by the Auditor of State, however, if a form has not been prescribed, the public office shall submit its report on the form utilized by the public office. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars.

The report shall contain the amount of receipts, and amounts due from each source and expenditures for each purpose. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The District did not prepare or file annual reports for the fiscal years ended December 31, 2002 and 2001. In addition, the District did not publish, in a local newspaper, that either of these reports were available for inspection.

The District should file the annual report with the Auditor of State on a timely basis to avoid the possibility of being assessed a late filing penalty and to be in compliance with the Ohio Revised Code. Notice of the financial report being available for public inspection should also be published in a local newspaper.

**JACKSON TOWNSHIP PARK DISTRICT  
ALLEN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-40202-001	Filing of Annual Financial Report	No	





**Auditor of State  
Betty Montgomery**

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**JACKSON TOWNSHIP PARK DISTRICT**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 8, 2003**