

MONROE COUNTY PARK DISTRICT

AUDIT REPORT

JANUARY 1, 2001 - DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Board of Park Commissioners
Monroe County Park District
Woodsfield, Ohio

We have reviewed the Independent Auditor's Report of the Monroe County Park District, Monroe County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Monroe County Park District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 30, 2003

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**MONROE COUNTY PARK DISTRICT
MONROE COUNTY
JANUARY 1, 2001 - DECEMBER 31, 2002**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Board of Park Commissioners
Monroe County Park District
105 West Court Street
Woodsfield, Ohio 43793

We have audited the accompanying financial statements of the Monroe County Park District, Monroe County, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Monroe County Park 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 described in Note 1, the Monroe County Park District prepares its financial statements on the cash basis, which is a comprehensive basis of accounting prescribed or permitted by the Auditor of State, other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Monroe County Park District, Monroe County, as of December 31, 2002 and 2001, 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 a report dated June 26, 2003, on our consideration of the Monroe County Park District's internal control structure 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 officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 26, 2003

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

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

	General	Capital Projects	Debt Service	Total (Memorandum Only)
Cash receipts:				
General property tax	\$ 68,117	\$ -	\$ 3,256	\$ 71,373
Tangible personal property tax	27,752	-	2,174	29,926
Trailer tax	982	-	-	982
Rollback and Homestead	8,449	-	-	8,449
National Forest	262	-	-	262
Investment income	725	-	-	725
Fees	10,966	-	-	10,966
Sales	4,383	-	-	4,383
Other	12,914	-	-	12,914
Total cash receipts	134,550	-	\$ 5,430	139,980
Cash Disbursements:				
Current:				
Salaries - employees	56,791	-	-	56,791
Salaries - withholdings	16,938	-	-	16,938
Operation and maintenance	37,732	14,464	-	52,196
Equipment	1,941	-	-	1,941
Debt:	-	-	-	-
Payment of principal	-	-	1,432	1,432
Payment of interest	-	-	3,278	3,278
Other	13,291	-	-	13,291
Total cash disbursements	126,693	14,464	4,710	145,867
Total cash receipts over/(under) cash disbursements	7,857	(14,464)	720	(5,887)
Other financing receipts/(disbursements):				
Transfers - in	-	30,000	-	30,000
Transfers - out	(30,000)	-	-	(30,000)
Total other financing receipts/(disbursements)	(30,000)	30,000	-	-
Excess of cash receipts and other financing receipts under cash disbursements and other financing disbursements	(22,143)	15,536	720	(5,887)
Fund cash balances, January 1, 2002	46,204	-	1,454	47,658
Fund cash balances, December 31, 2002	\$ 24,061	\$ 15,536	\$ 2,174	\$ 41,771
Reserve for encumbrances, December 31, 2002	\$ 861	\$ -	\$ -	\$ 861

See notes to financial statements.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

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

	General	Special Revenue	Debt Service	Total (Memorandum Only)
Cash receipts:				
General property tax	\$ 61,548	\$ -	\$ 2,174	\$ 63,722
Tangible personal property tax	34,266	-	2,174	36,440
Trailer tax	953	-	-	953
Rollback and Homestead	7,913	-	-	7,913
National Forest	237	-	-	237
Investment income	2,058	-	-	2,058
Fees	7,614	-	-	7,614
Sales	3,624	-	-	3,624
Other	4,511	-	-	4,511
Total cash receipts	122,724	-	\$ 4,348	127,072
Cash Disbursements:				
Current:				
Salaries - employees	53,543	-	-	53,543
Salaries - withholdings	16,253	-	-	16,253
Operation and maintenance	35,334	-	-	35,334
Equipment	1,757	-	-	1,757
Debt:	-	-	-	-
Payment of principal	-	-	1,211	1,211
Payment of interest	-	-	2,775	2,775
Other	15,893	23	-	15,916
Total cash disbursements	122,780	23	3,986	126,789
Total cash receipts over/(under) cash disbursements	(56)	(23)	362	283
Other financing receipts/(disbursements):				
Transfers - in	-	-	-	-
Transfers - out	-	-	-	-
Total other financing receipts/(disbursements)	-	-	-	-
Excess of cash receipts and other financing receipts under cash disbursements and other financing disbursements	(56)	(23)	362	283
Fund cash balances, January 1, 2001	46,260	23	1,092	47,375
Fund cash balances, December 31, 2001	\$ 46,204	\$ -	\$ 1,454	\$ 47,658
Reserve for encumbrances, December 31, 2001	\$ 1,061	\$ -	\$ -	\$ 1,061

See notes to financial statements.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The Monroe County Park District, Monroe 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 Probate Court Judge of Monroe 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 District may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the District deems conducive to the general welfare.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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 they are earned. Disbursements are recognized when they are 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.)

Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Monroe County Treasurer, who acts as custodian for District monies. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted to use. The District classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Fund

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's only special revenue fund was the Nature Works Grant Fund which received grant money for improvements to the parks. This was closed in 2001.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The District's only Capital Projects Fund is the Parry Museum Fund, which is used for the renovation and construction costs of improvements to the Museum.

Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The District's only Debt Service Fund is the Park Bond Retirement Fund which receives tax money to pay for principal and interest payments associated with the District's debt.

Budgetary Process

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

Budget

On or about May 1 of each year, the Monroe County Auditor sends a departmental budget form to the District for the succeeding calendar year. The District's fiscal officer completes the departmental budget form containing information of the expenditures for the prior year, appropriations for the current year and the request for the next year. A personal service schedule accompanies the departmental budget and it reflects each person's name, present rate of pay, rate of pay for the next year and the amount requested for the next year. Also, an estimate of anticipated revenue is filed with the departmental budget. The District reviews the forms and they are filed with the County Commissioners by June 1. This information is then combined with other departmental budgets and the Monroe County subdivision budget is prepared. The budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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 of Park Commissioners 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.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reappropriated.

Encumbrances are purchase orders, contracts and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

A summary of 2002 and 2001 budgetary activity appears in Note 2.

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.

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 District.

2. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 134,550	\$ 134,550	\$ -
Capital Projects	30,000	30,000	-
Debt Service	5,430	5,430	-
Total	<u>\$ 169,980</u>	<u>\$ 169,980</u>	<u>\$ -</u>

2002 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 170,930	\$ 127,554	\$ 43,376
Capital Projects	30,000	14,464	15,536
Debt Service	4,710	4,710	-
Total	<u>\$ 205,640</u>	<u>\$ 146,728</u>	<u>\$ 58,912</u>

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. BUDGETARY ACTIVITY (continued)

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 122,620	\$ 122,724	\$ 104
Special Revenue	-	-	-
Debt Service	4,348	4,348	-
Total	<u>\$ 126,968</u>	<u>\$ 127,072</u>	<u>\$ 104</u>

2001 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 139,540	\$ 123,841	\$ 15,699
Special Revenue	23	23	-
Debt Service	4,421	4,421	-
Total	<u>\$ 143,984</u>	<u>\$ 128,285</u>	<u>\$ 15,699</u>

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Monroe County Commissioners on behalf of the District. 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. 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 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 and part-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 District contributed an amount equal to 13.55% in 2002 and 2001. The District has paid all contributions required through December 31, 2002.

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The District also provides health insurance and dental and vision coverage to full time employees through a private carrier.

6. DEBT

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
Commercial Bank Loan	\$ 38,888	7.20%

The District obtained a commercial bank loan on July 30, 1997, in the amount of \$46,000 at 7.20% for a term of twenty years to acquire an office building, interest and principal payments are due monthly to Woodsfield Savings Bank. The commercial bank loan is collateralized by the taxing authority of the District.

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

Year ending December 31:	Loan
2003	\$ 4,348
2004	4,348
2005	4,348
2006	4,348
2007	4,348
Subsequent	63,046
Total	\$ 84,786

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Board of Park Commissioners
Monroe County Park District
105 West Court Street
Woodsfield, Ohio 43793

We have audited the financial statements of The Monroe County Park District as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 26, 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 Monroe County Park District's combined 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 test disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2002-1 through 2002-3. We have noted certain immaterial instances of noncompliance that we have reported to the management of the Monroe County Park District in a separate letter dated June 26, 2003.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered the Monroe County Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined 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 a material weakness. 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 of 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.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 26, 2003

**MONROE COUNTY PARK DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

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

FINDING NUMBER 2002-1

Ohio Revised Code Section 5705.38 states that, on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. The subdivision may pass a temporary appropriation for meeting ordinary expenses of the taxing unit until not later than the first day of April of the current year, and the appropriations made therein shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year.

The District did not adopt an appropriation measure in 2001.

This was mentioned in the 2000 audit and the appropriation measure was passed for 2002.

FINDING NUMBER 2002-2

Ohio Revised Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

Since the District did not adopt an appropriation measure for the year ended December 31, 2001, expenditures incurred could not be certified as to the availability of funds.

This was corrected for the year ended December 31, 2002.

FINDING NUMBER 2002-3

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The District did not pass an appropriation measure for the year ended December 31, 2001, causing expenditures to exceed appropriations.

This was corrected for the year ended December 31, 2002.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MONROE COUNTY PARK DISTRICT

MONROE 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
AUGUST 19, 2003**