

New Albany Plain Local Joint Park District

New Albany, Ohio

Regular Audit

January 1, 2002 through December 31, 2003

Fiscal Years Audited Under GAGAS: 2003 and 2002

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
New Albany Plain Local Park District  
220 Market Street, Suite 207  
New Albany, Ohio 43054

We have reviewed the Independent Auditor's Report of the New Albany Plain Local Park District, Franklin County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2002 to December 31, 2003. 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 New Albany Plain Local Park District is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

February 9, 2005

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New Albany Plain Local Joint Park District  
New Albany, Ohio  
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For the Years Ended December 31, 2003 and 2002

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Board of Trustees

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## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the New Albany Plain Local Joint Park District, (the District), as of December 31, 2003 and 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As described in Note 2, during 2002, the District changed its accounting methods from a basis in accordance with accounting principles generally accepted in the United States of America to the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 fund cash balances of the New Albany Plain Local Joint Park District as of December 31, 2003 and 2002, and the cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2005 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

January 7, 2005

New Albany Plain Local Joint Park District  
 Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
 For the Years Ended December 31, 2003 and 2002

	2003	2002
Cash receipts:		
Property tax receipts	\$368,329	\$329,586
Intergovernmental receipts	43,934	40,348
Registration fees	25,407	0
Interest	56,645	119
Miscellaneous	11,945	18,238
Proceeds from debt	10,059,233	0
Total cash receipts:	10,565,493	388,291
Cash disbursements:		
Debt Service Payment	5,090,048	40,636
Personnel	68,544	52,942
Administrative	36,381	117,768
Maintenance	51,035	54,978
Insurance	8,236	5,349
Capital Outlay	971,914	136,659
Total cash disbursements:	6,226,158	408,332
Total receipts over/(under) disbursements:	4,339,335	(20,041)
Fund cash balance, January 1 (as Restated - Note 3):	36,870	56,911
Fund cash balance, December 31:	\$4,376,205	\$36,870

See accompanying notes to the financial statements.



New Albany Plain Local Joint Park District  
New Albany, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2003 and 2002

**NOTE 1-ORGANIZATION**

*Organization:*

The New Albany Plain Local Joint Park District (the District) was created in April 1999 as a jointly governed organization among the Village of New Albany, Plain Township, and the Plain Local School District pursuant to provisions of the Ohio Revised Code. The District's mission is the efficient development, funding and maintenance of active parks and passive recreation areas for the residents of the Village of New Albany, Plain Township, and the Plain Local School District.

The original term of the District expired on April 30, 2002. The provisions of the agreement state that the term may be renewed and extended for additional successive terms of 10 years each by appropriate resolutions. The Village of New Albany, Plain Township, and the Plain Local School District have made the appropriate resolutions to extend the term through April 30, 2012.

**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

*Basis of Accounting – Change in Accounting Principle:*

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.

During 2002, the District changed its basis of accounting from Generally Accepted Accounting Principles (GAAP) to the basis of accounting described above. See Note 3 for the restatement of fund balances.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

*Fund Accounting:*

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following type:

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.

*Cash:*

The District maintained three checking accounts with one financial institution as of December 31, 2003. As of December 31, 2003 and 2002, the carrying amounts of the District's deposits were \$4,376,205 and \$36,870, respectively. Bank balances were \$4,393,710 and \$40,736, respectively. Of the bank balance as of December 31, 2003, \$100,000 was covered by federal depository insurance and \$4,293,710 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The total bank balance as of December 31, 2002 was covered by federal depository insurance.

New Albany Plain Local Joint Park District  
 New Albany, Ohio  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2003 and 2002

**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

**NOTE 3-RESTATEMENT OF FUND BALANCE**

During 2002, the District changed its basis of accounting from Generally Accepted Accounting Principles (GAAP) to the basis of accounting described in Note 2. This change caused a change in the previously reported fund balance. This restatement had the following effect on fund balance:

	General	Capital Projects
Fund Balance, December 31, 2001	\$33,366	\$581,994
Restatement	23,545	(581,994)
Restated Fund Cash Balance, January 1, 2002	\$56,911	\$0

**NOTE 4-BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$417,919	\$10,565,493	\$10,147,574

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$403,790	\$6,226,158	(\$5,822,368)

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$372,940	\$388,291	\$15,351

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$313,900	\$408,332	(\$94,432)

New Albany Plain Local Joint Park District  
 New Albany, Ohio  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2003 and 2002

**NOTE 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 Trustees. 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 payments, 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.

**NOTE 6-NOTES PAYABLE**

The District issued notes in March 2003 in the principal amount of \$5,000,000 in anticipation of the issuance of bonds for the purpose of extending, enlarging, and improving new and existing lands, recreation facilities, fields, and indoor recreation centers, leisure trails with related landscaping, site improvements, utility lines and equipment thereof; and constructing and paving parking lots to serve the park district. These notes were refunding in the amount of \$5,049,444 with the proceeds of a bond issuance in July 2003.

Notes payable consists of a note payable to a bank. The note originated in October 2000 with an issue price of \$290,000. The note is payable in semiannual installments of approximately \$20,000, including interest of 5.95% per annum. The note's maturity date falls in October 2010

The annual principal payments for notes payable are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$27,200
2005	28,843
2006	30,585
2007	32,431
2008	34,390
Thereafter	<u>75,135</u>
Total	<u><u>\$228,584</u></u>

**NOTE 7-BONDS PAYABLE**

The District issued bonds in July 2003 for the purpose of extending, enlarging, and improving new and existing lands, recreation facilities, fields, and indoor recreation centers, leisure trails, with related landscaping, site improvements, utility lines and equipment thereof; constructing and paving parking lots to serve the park district; and retiring of anticipation notes. Bonds were issued in the amount of \$4,999,992 for a term of 20 years at an interest rate ranging from 2% to 7.198%.

Bond principal is due December 1<sup>st</sup> of each year beginning in 2004. Bond interest is due on June 1<sup>st</sup> and December 1<sup>st</sup> of each year beginning in 2004. A lump-sum total for compounded interest of \$70,008 is required to be paid in addition to the scheduled principal and interest payments on December 1, 2008.

New Albany Plain Local Joint Park District  
 New Albany, Ohio  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2003 and 2002

**NOTE 7-BONDS PAYABLE (CONTINUED)**

The annual principal payments for bonds payable are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$95,000
2005	175,000
2006	210,000
2007	215,000
2008	149,992
2009-2013	1,150,000
2014-2018	1,350,000
Thereafter	<u>1,655,000</u>
Total	<u><u>\$4,999,992</u></u>

**NOTE 8-LEASES**

The District leases land from the Village of New Albany. Pursuant to the lease, the District may use the land free of charge provided that, at its own cost, the District develops a public recreational park and related improvements to the premises. The lease expires in 2014, but will automatically renew for additional successive 15-year terms as long as the District remains in existence. As part of the agreement, the District has the option to purchase the premises from the Village of New Albany for approximately \$340,000 within five years of inception of the lease (July 2000).

**NOTE 9-PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The District contributes to the Public Employees Retirement System of Ohio (the System), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. The System provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System.

District employees were required to contribute 8.5% of their annual covered salaries to fund pension obligations, and the District was required to contribute 13.55% in 2003 and 2002. Contributions are authorized by State statute. The contribution rates are determined actuarially. The District's contribution to the System for the years ended December 31, 2003 and 2002 approximated \$12,500 and \$9,500, respectively. However, the District did not withhold or contribute required withholdings for part-time employees during the audit period.

**NOTE 10-SUBSEQUENT EVENT**

In November 2004, the voters, in the areas for which property taxes are assessed for the District, passed a bond levy for the issuance of approximately \$6,000,000 in bonds to occur in 2005. This issuance is to provide additional monies for the acquisition, construction and improvement of parks by the District.

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
New Albany Plain Local Joint Park District  
New Albany, Ohio 43054

We have audited the financial statements of the New Albany Plain Local Joint Park District, (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 7, 2005, wherein we noted that the District changed its basis of accounting to a basis permitted by the Auditor of State. We conducted our audits 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, 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 an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and responses as item 2003.02.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

We also noted certain additional matters that we reported to management of the District in a separate letter dated January 7, 2005.

New Albany Plain Local Joint Park District  
Board of Trustees

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With *Government Auditing Standards*  
Page 2

### **Compliance and Other Matters**

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 agreements, 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 audits, 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 and responses as items 2003.01, 2003.03, and 2003.04. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the District in a separate letter dated January 7, 2005.

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

Balestra, Harr and Scherer, CPAs, Inc.  
Balestra, Harr & Scherer, CPAs, Inc.

January 7, 2005

New Albany Plain Local Joint Park District  
New Albany, Ohio  
Schedule of Findings and Responses  
For the Years Ended December 31, 2003 and 2002

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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**Finding Number 2003.001**

Filing of Annual Financial Report with the Auditor of State and Publishing Notice of Availability:

Ohio Revised Code Section 117.38 states that cash basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. 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 file annual financial reports with the Auditor of State for either year of the audit period.

**Finding Number 2003.002**

Monitoring of Budgeted Versus Actual Receipts and Expenditures:

The District does not effectively review budgeted versus actual receipts or expenditures throughout the year. Lack of effective monitoring may lead to errors, irregularities, or misappropriation of District funds, as well as noncompliance with budgetary laws and regulations.

Monitoring comprises of regular management activities established to oversee whether management's financial objectives are being achieved. Data may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users' expectations.

The Treasurer should present revenue and expenditure ledgers to the Board of Trustees that include budgeted and actual receipts for each receipt account and budgeted and actual expenditures for each disbursement account. This will allow the Trustees to monitor budgeted versus actual activity of the District's funds. Furthermore, the review and acceptance of these reports should be documented in the minute record.

**Finding Number 2003.003**

Lawful Appropriation of Expenditures:

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The District spent monies in excess of appropriations in both years of the audit period.

**Finding Number 2003.004**

Encumbrance of Appropriations:

Ohio Revised 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 encumbrances. The District did not utilize purchase orders or, in any other way, track encumbrances of appropriations for either year of the audit period.

New Albany Plain Local Joint Park District  
 New Albany, Ohio  
 Schedule of Findings and Responses (Continued)  
 For the Years Ended December 31, 2003 and 2002

Corrective Action Plan
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Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003.001	The District will submit annual financial reports to the Office of the Auditor of State within 60 days of year-end.	12/31/05	Dave Wharton, Executive Director
2003.002	The District will monitor budgeted versus actual activity more closely and make amendments as necessary.	12/31/05	Dave Wharton, Executive Director
2003.003	The District will monitor budgeted versus actual activity more closely and make amendments as necessary.	12/31/05	Dave Wharton, Executive Director
2003.004	The District will implement procedures for encumbering appropriations.	12/31/05	Dave Wharton, Executive Director





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**NEW ALBANY PLAIN LOCAL PARK DISTRICT  
FRANKLIN 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  
FEBRUARY 22, 2005**