



**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 & 2001



**Auditor of State
Betty Montgomery**

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Russell Township Park Commission
Geauga County
8501 Kinsman Road
Novelty, Ohio 44072

To the Board of Commissioners:

We have audited the accompanying financial statements of the Russell Township Park Commission, Geauga County, Ohio, (the Commission) as of and for the years ended December 31, 2003, December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Commission'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 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Commission prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Russell Township Park Commission, Geauga County, Ohio, as of December 31, 2003, December 31, 2002, and December 31, 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 our report dated February 27, 2004, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Park Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 27, 2004

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$30,198	\$122,612	\$152,810
Tangible Personal Property Tax	234	949	1,183
Other Government Grants-in-Aid	15,215	17,766	32,981
Interest Income	6,420	0	6,420
Donations	1,425	0	1,425
	<u>53,492</u>	<u>141,327</u>	<u>194,819</u>
Total Cash Receipts			
	<u>53,492</u>	<u>141,327</u>	<u>194,819</u>
Cash Disbursements:			
Current:			
Materials and Supplies	5,119	0	5,119
Equipment	2,368	0	2,368
	<u>7,487</u>	<u>0</u>	<u>7,487</u>
Total Cash Disbursements			
	<u>7,487</u>	<u>0</u>	<u>7,487</u>
Total Receipts Over/(Under) Disbursements	<u>46,005</u>	<u>141,327</u>	<u>187,332</u>
Fund Cash Balances, January 1, 2003	<u>186,495</u>	<u>290,987</u>	<u>477,482</u>
Fund Cash Balances, December 31, 2003	<u>\$232,500</u>	<u>\$432,314</u>	<u>\$664,814</u>
Reserves for Encumbrances, December 31, 2003	<u><u>\$220,500</u></u>	<u><u>\$420,000</u></u>	<u><u>\$640,500</u></u>

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

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$19,594	\$131,128	\$150,722
Tangible Personal Property Tax	136	907	1,043
Other Government Grants-in-Aid	13,782	18,833	32,615
Interest Income	12,313	0	12,313
Donations	220	0	220
	<u>46,045</u>	<u>150,868</u>	<u>196,913</u>
Cash Disbursements:			
Current:			
Materials and Supplies	4,004	0	4,004
Equipment	3,825	0	3,825
Land Purchase	0	202,982	202,982
	<u>7,829</u>	<u>202,982</u>	<u>210,811</u>
Total Receipts Over/(Under) Disbursements	<u>38,216</u>	<u>(52,114)</u>	<u>(13,898)</u>
Fund Cash Balances, January 1, 2002	<u>148,279</u>	<u>343,101</u>	<u>491,380</u>
Fund Cash Balances, December 31, 2002	<u>\$186,495</u>	<u>\$290,987</u>	<u>\$477,482</u>
Reserves for Encumbrances, December 31, 2002	<u>\$428</u>	<u>\$0</u>	<u>\$428</u>

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

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
General Property Tax - Real Estate	\$26,871	\$122,411	\$149,282
Tangible Personal Property Tax	247	1,126	1,373
Other Government Grants-in-Aid	15,500	15,687	31,187
Interest Income	14,149	0	14,149
Donations	220	0	220
	<u>56,987</u>	<u>139,224</u>	<u>196,211</u>
Total Cash Receipts			
	<u>56,987</u>	<u>139,224</u>	<u>196,211</u>
Cash Disbursements:			
Current:			
Materials and Supplies	3,612	0	3,612
Equipment	1,986	0	1,986
	<u>5,598</u>	<u>0</u>	<u>5,598</u>
Total Cash Disbursements			
	<u>5,598</u>	<u>0</u>	<u>5,598</u>
Total Receipts Over/(Under) Disbursements	<u>51,389</u>	<u>139,224</u>	<u>190,613</u>
Fund Cash Balances, January 1, 2001	<u>96,890</u>	<u>203,877</u>	<u>300,767</u>
Fund Cash Balances, December 31, 2001	<u>\$148,279</u>	<u>\$343,101</u>	<u>\$491,380</u>
Reserves for Encumbrances, December 31, 2001	<u>\$650</u>	<u>\$0</u>	<u>\$650</u>

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

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**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003, 2002, AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Russell Township Park Commission, Geauga County, Ohio, (the Commission) 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 Commission is directed by a three-member Board of Commissioners appointed by the probate judge of Geauga County. The Commission 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 Commission's management believes these financial statements present all activities for which the Commission 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

STAR Ohio is recorded at share value reported by the fund.

D. Fund Accounting

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission 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 that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

Conservation Land Fund – This fund receives tax monies to purchase land.

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Commission to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003, 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Commission maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003	2002	2001
Demand Deposits	\$658,018	\$470,761	\$484,779
STAR Ohio	6,796	6,721	6,601
Total Deposits and Investments	\$664,814	\$477,482	\$491,380

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2003, 2002, and 2001 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,993	\$53,492	\$5,499
Special Revenue	139,710	141,327	1,617
Total	\$187,703	\$194,819	\$7,116

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$230,428	\$227,987	\$2,441
Special Revenue	420,000	420,000	\$0
Total	\$650,428	\$647,987	\$2,441

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,344	\$46,045	(\$6,299)
Special Revenue	138,910	150,868	11,958
Total	\$191,254	\$196,913	\$5,659

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,650	\$8,257	\$191,393
Special Revenue	475,000	202,982	\$272,018
Total	\$674,650	\$211,239	\$463,411

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,055	\$56,987	\$8,932
Special Revenue	135,650	139,224	3,574
Total	\$183,705	\$196,211	\$12,506

**RUSSELL TOWNSHIP PARK COMMISSION
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,000	\$6,248	\$129,752
Special Revenue	330,000	0	\$330,000
Total	\$466,000	\$6,248	\$459,752

4. 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 Commission.

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 Commission.

5. RISK MANAGEMENT

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

- Errors and omissions.



**Auditor of State
Betty Montgomery**

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

Russell Township Park Commission
Geauga County
8501 Kinsman Road
Novelty, Ohio 44072

To the Board of Commissioners:

We have audited the financial statements of the Russell Township Park Commission, Geauga County, Ohio, (the Commission) as of and for the years ended December 31, 2003, December 31, 2002, and December 31, 2001, and have issued our report thereon dated February 27, 2004. 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 Commission'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Commission in a separate letter dated February 27, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission'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 Commission in a separate letter dated February 27, 2004.

Russell Township Park Commission
Geauga 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 Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 27, 2004



**Auditor of State
Betty Montgomery**

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RUSSELL TOWNSHIP PARK COMMISSION

GEAUGA 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
MARCH 30, 2004**