



**Auditor of State
Betty Montgomery**

**JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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**Auditor of State
Betty Montgomery**

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

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 9, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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 Jackson Township Park District, Allen County, (the District), as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP disclosure or to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Jackson Township Park District, Allen County, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2005, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

May 9, 2005

**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, 2004**

	Governmental Fund Type
	General
Cash Receipts:	
Intergovernmental Revenue	\$4,650
Gifts and Donations	525
	5,175
Total Cash Receipts	5,175
Cash Disbursements:	
Current:	
Supplies	56
Contracts - Repair	900
Contracts - Services	1,292
Capital Outlay	1,844
Other	391
	4,483
Total Cash Disbursements	4,483
Total Receipts Over/(Under) Disbursements	692
Fund Cash Balance, January 1	5,071
Fund Cash Balance, December 31	\$5,763

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, 2003**

	Governmental Fund Type
	General
Cash Receipts:	
Intergovernmental Revenue	\$4,848
Gifts and Donations	732
	5,580
Total Cash Receipts	5,580
Cash Disbursements:	
Current:	
Supplies	55
Materials	77
Contracts - Repair	756
Contracts - Services	4,576
Other	520
	5,984
Total Cash Disbursements	5,984
Total Receipts Over/(Under) Disbursements	(404)
Fund Cash Balance, January 1	5,475
	5,475
Fund Cash Balance, December 31	\$5,071

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, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson Township Park District, Allen County, (the District) as a body corporate and politic. The probate judge of Allen County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes revenue when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations are required to report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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 the Board of Commissioners to budget each fund 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, 2004 AND 2003
(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. The District did not use the encumbrance method of accounting, as required by law.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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>2004</u>	<u>2003</u>
Demand deposits	<u>\$5,763</u>	<u>\$5,071</u>

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

3. BUDGETARY ACTIVITY

For the years 2004 and 2003, the District did not adopt an operating budget, prepare and certify available revenue, nor was an annual appropriation measure adopted, 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 comprehensive property and general liability.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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 financial statements of the Jackson Township Park District, Allen County, (the District) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 9, 2005, wherein we noted the District followed accounting practices the Auditor of State previously prescribed rather than accounting principles generally accepted in the United States of America for the year ended December 31, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated May 9, 2005, we reported other matters involving internal control over financial reporting we did not deem to be reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that must be reported under *Government Auditing Standards* which are described in the accompanying schedule as items 2004-001 to 2004-005. In a separate letter to the District's management dated May 9, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Jackson Township Park District
Allen County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Commissioners.
It is not intended for 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

May 9, 2005

JACKSON TOWNSHIP PARK DISTRICT
ALLEN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Adoption of Operating Budget

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

An operating budget was not adopted for 2004 or 2003, nor were any of the budgetary procedures followed 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, and not following budgetary procedures could lead to amounts being expended in excess of current resources.

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 2004-002

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 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 total amount of all sources available for expenditure along with any encumbered balances that existed at the end of the preceding year was not prepared or certified for 2004 or 2003.

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

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

FINDING NUMBER 2004-003

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 shall be passed to act as a measuring tool for the expenditures of the entity. If the Board 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 was no evidence that temporary or permanent appropriation resolutions were adopted for 2004 or 2003. Failure to formally approve resolutions could lead to expenditures being made which are not in line with the wishes of the Board, and expenditures in excess of available resources.

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

FINDING NUMBER 2004-004

Prior Certification of Expenditures

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is 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.

An exception to this 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 the certification is being completed, 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 the warrant ("Then and Now"). 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 (\$3,000 after April 7, 2003), 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.

Prior certification was not obtained for 100 percent of the transactions during the years 2004 and 2003.

Certification that funds are available should be obtained prior to purchasing goods and services to prevent possible overspending of resources and/or the obligation of amounts in excess of specific line item appropriations.

FINDING NUMBER 2004-005

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 unfilled, 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 required report for year-end 2003 was filed March 14, 2004 and the year-end 2004 report was not filed. In addition, a notice was not published in a local newspaper, that either of these reports were available for inspection.

The annual report should be filed 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, 2004 and 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Ohio Rev. Code Section 5705.28 Adoption of Budget	No	Repeated as finding 2004-001
2002-002	Ohio Rev. Code Section 5705.36 Certification of Total Amount Available for expenditure	No	Repeated as finding 2004-002
2002-003	Ohio Rev. Code Section 5705.38 Adoption of Annual Appropriation	No	Repeated as finding 2004-003
2002-004	Ohio Rev. Code Section 5705.41(D) Prior Certification of availability of funds prior to entering into purchase commitments	No	Repeated as finding 2004-004
2002-005	Ohio Rev. Code Section 117.38 Filing of Annual Report	No	Repeated as finding 2004-005



**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
JUNE 21, 2005**