



**Auditor of State
Betty Montgomery**

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

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**Auditor of State
Betty Montgomery**

Richland Township Memorial Park District
Belmont County
P.O. Box 513
St. Clairsville, Ohio 43950

To the Board of Park 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 statement in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 4, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Richland Township Memorial Park District
Belmont County
P.O. Box 513
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the accompanying financial statement of the Richland Township Memorial Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 this financial statement 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 statement 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 requires us to include the following paragraph if the statements do not substantially conform 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 statement. 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 statement referred to above for the year ended December 31, 2004 does 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 its changes in financial position for the year then ended.

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Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Richland Township Memorial Park District, Belmont 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 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

November 4, 2005

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE**

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash Receipts:		
Charges for Services	\$49,485	\$54,823
Intergovernmental Revenue	42,011	39,924
Donations	2,180	5,553
Investment Income	205	231
All Other Receipts	<u>1,033</u>	<u>3,934</u>
 Total Cash Receipts	 <u>94,914</u>	 <u>104,465</u>
Cash Disbursements:		
Current:		
Salaries and Fringe Benefits	37,148	44,966
Materials and Supplies	13,391	15,474
Repairs and Maintenance	7,519	7,680
Utilities	6,112	6,812
Insurance	5,288	7,052
Accounting Services	3,360	3,360
Public Employees Retirement	5,151	5,873
Workers' Compensation	2,131	977
Miscellaneous	5,215	5,163
Debt:		
Payment of Principal	12,467	13,690
Payment of Interest and Fiscal Charges	<u>485</u>	<u>571</u>
 Total Cash Disbursements	 <u>98,267</u>	 <u>111,618</u>
 Total Cash Receipts (Under) Cash Disbursements	 <u>(3,353)</u>	 <u>(7,153)</u>
Other Financing Receipts:		
Proceeds from Sale of Public Debt:		
Sale of Notes	<u>10,467</u>	<u>13,079</u>
 Total Other Financing Receipts	 <u>10,467</u>	 <u>13,079</u>
 Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	 7,114	 5,926
 Cash Balance, January 1	 <u>30,976</u>	 <u>25,050</u>
 Cash Balance, December 31	 <u><u>\$38,090</u></u>	 <u><u>\$30,976</u></u>

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

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**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
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 Richland Township Memorial Park District, Belmont County (the District), as a body corporate and politic. The probate judge of Belmont County appoints a three-member Board of Commissioners to govern the District. The District Commissioners are responsible for the general operation of the park and pool.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows 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 receipts when received in cash rather than when earned, and recognizes disbursements 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Budgetary Process

The Ohio Revised Code requires the Board of Commissioners to adopt an annual budget.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

D. Property, Plant, and Equipment

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

2. CASH

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

	2004	2003
Demand deposits	\$38,090	\$30,976

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003, follows:

2004 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Receipts		Receipts	Variance
	\$104,850	\$105,381	\$531

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Authority		Expenditures	Variance
	\$105,381	\$98,267	\$7,114

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$102,500	\$117,544	\$15,044
2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$102,500	\$111,618	(\$9,118)

4. DEBT

Debt outstanding at December 31, 2004, was as follows:

	Principal	Interest Rate
General Obligation Note	\$10,467	5.00%

The District issued a general obligation note on July 9, 2004, in the amount of \$10,467, for a one year term, to refinance debt relating to constructing a new shelter at the park. Interest and principal payments are due on demand, but if no demand is made, then payment is at maturity to the lending institution. The District's taxing authority collateralizes the notes.

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

	General Obligation Note
<u>Year ending December 31:</u>	
2005	\$10,772

5. RETIREMENT SYSTEM

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2004.

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Building;
- Property; and
- Errors and omissions.



**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***

Richland Township Memorial Park District
Belmont County
P.O. Box 513
St. Clairsville, Ohio 43950

To the Board of Park Commissioners:

We have audited the financial statement of the Richland Township Memorial Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 4, 2005, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 statement 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 statement 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 November 4, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statement is 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2004-001. In a separate letter to the District's management dated November 4, 2005, we reported another matter related to noncompliance we deemed immaterial.

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Richland Township Memorial Park District
Belmont 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 Park 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

November 4, 2005

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Ohio Rev. Code Sections 5705.41(D) (1) and 5705.41(D) (3), respectively:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 (\$1,000 prior to 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.

Blanket Certificate – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-001 (Continued)

Noncompliance Citation - Ohio Rev. Code § 5705.41(D) (1) (Continued)

Although the obligations paid by the District had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 61% of transactions tested in 2004 and 23% of transactions tested in 2003 and there was no evidence of a "Then and Now" certificate being used by the District Treasurer. Failure to properly certify the availability of funds can result in overspending and negative cash balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District exceeding budgetary spending limitations, we recommend that the District Treasurer certify that funds are or will be available prior to the obligation being incurred by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The District Treasurer should sign the certification at the time the District incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The District Treasurer should post approved purchase commitments to the appropriation code, to reduce the available appropriation.

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

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	The District did not properly certify the availability of funds prior to incurring an obligation contrary to Ohio Rev. Code Section 5705.41(D).	No	Not corrected; Reissued as Finding No. 2004-001.
2002-002	The District did not record note proceeds and principal payments on the financial statements.	Yes	N/A.
2002-003	The District did not keep track of inventory at the concession stand at the pool.	Yes	N/A.



**Auditor of State
Betty Montgomery**

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**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT 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
DECEMBER 6, 2005**