



**Auditor of State
Betty Montgomery**

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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**Auditor of State
Betty Montgomery**

Ashtabula Township Park Commission
Ashtabula County
120 Manola Avenue
Ashtabula, Ohio 44004

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.

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Betty Montgomery
Auditor of State

February 2, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula Township Park Commission
Ashtabula County
120 Manola Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

We have audited the accompanying financial statements of Ashtabula Township Park Commission, Ashtabula County, (the Park) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Park's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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. The Park processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Park because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidence to support boat ramp fees, representing 89% of License, Permits and Fees revenues in 2003 and 98% in 2004 as reflected in the General fund financial statements.

As described more fully in Note 1, the Park 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 Park to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004.

While the Park 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 Park has elected not to reformat its statements. Since this Park 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 Park as of December 31, 2004, or changes in financial position for the year then ended.

Also, in our opinion, except for the effects of such adjustment in regards to the boat ramp fees, if any, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Ashtabula Township Park Commission, Ashtabula County, as of December 31, 2004 and 2003, and its combined 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 Park to include Management's Discussion and Analysis for the year ended December 31, 2004. The Park 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 February 2, 2006 on our consideration of the Park'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

February 2, 2006

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Type</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$306,564	\$104,155	\$0	\$410,719
Intergovernmental	72,918			72,918
Licenses, Permits, and Fees	7,575			7,575
Earnings on Investments	1,239			1,239
Other Receipts	16,464			16,464
Total Cash Receipts	<u>404,760</u>	<u>104,155</u>	<u>0</u>	<u>508,915</u>
Cash Disbursements:				
Current:				
General Government	316,660			316,660
Conservation-Recreation	5,659			5,659
Capital Outlay	34,901			34,901
Debt:				
Payment of Principal		87,189		87,189
Payment of Interest		16,966		16,966
Total Cash Disbursements	<u>357,220</u>	<u>104,155</u>	<u>0</u>	<u>461,375</u>
Total Receipts Over/(Under) Disbursements	<u>47,540</u>	<u>0</u>	<u>0</u>	<u>47,540</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	59,234			59,234
Transfers-Out			(59,234)	(59,234)
Total Other Financing Receipts/(Disbursements)	<u>59,234</u>	<u>0</u>	<u>(59,234)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>106,774</u>	<u>0</u>	<u>(59,234)</u>	<u>47,540</u>
Fund Cash Balances, January 1	<u>136,036</u>		<u>59,235</u>	<u>195,271</u>
Fund Cash Balances, December 31	<u><u>\$242,810</u></u>	<u><u>\$0</u></u>	<u><u>\$1</u></u>	<u><u>\$242,811</u></u>

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

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

	<u>Governmental Fund Type</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$292,724	\$104,155	\$0	\$396,879
Intergovernmental	70,536		247,815	318,351
Licenses, Permits, and Fees	9,986			9,986
Earnings on Investments	2,185			2,185
Other Receipts	11,788			11,788
	<u>387,219</u>	<u>104,155</u>	<u>247,815</u>	<u>739,189</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	329,388			329,388
Conservation-Recreation	36,399			36,399
Capital Outlay	46,213		295,225	341,438
Debt:				
Payment of Principal		87,189		87,189
Payment of Interest		16,966		16,966
	<u>412,000</u>	<u>104,155</u>	<u>295,225</u>	<u>811,380</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(24,781)</u>	<u>0</u>	<u>(47,410)</u>	<u>(72,191)</u>
Other Financing Receipts/(Disbursements):				
Advances-In			1,330	1,330
Advances-Out	(1,330)			(1,330)
Other Sources	193			193
	<u>(1,137)</u>	<u>0</u>	<u>1,330</u>	<u>193</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(25,918)</u>	<u>0</u>	<u>(46,080)</u>	<u>(71,998)</u>
Fund Cash Balances, January 1	<u>161,954</u>	<u>0</u>	<u>105,315</u>	<u>267,269</u>
Fund Cash Balances, December 31	<u>\$136,036</u>	<u>\$0</u>	<u>\$59,235</u>	<u>\$195,271</u>
Reserves for Encumbrances, December 31	<u>\$19,460</u>			<u>\$19,460</u>

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

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA 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 Ashtabula Township Park Commission, Ashtabula County, (the Park) as a body corporate and politic. The probate judge of Ashtabula County appoints a three-member Board of Commissioners to govern the Park. 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 Park's management believes these financial statements present all activities for which the Park 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 Park 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).

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

C. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Debt Service Funds

These funds account for resources the Park accumulates to pay bond and note debt. The Park had the following significant Debt Service Fund:

Note Retirement Fund: This fund receives property tax money for the repayment of notes issued for improvements to the Park.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds account for receipts restricted for acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Park had the following significant Capital Projects Fund:

Breakwall Project Fund - This fund received proceeds from the Ohio Department of Natural Resources for the purpose of constructing a new breakwall for shoreline improvements.

D. 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 at the fund, function or object 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 Park to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

E. Property, Plant, and Equipment

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

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

2. EQUITY IN POOLED CASH

The Park maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

Demand deposits	2004 \$242,811	2003 \$195,271

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

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$428,912	\$463,994	\$35,082
Debt Service	104,155	104,155	0
Capital Projects	0	0	0
Total	\$533,067	\$568,149	\$35,082

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$480,071	\$357,221	\$122,850
Debt Service	104,155	104,155	0
Capital Projects	59,234	59,234	0
Total	\$643,460	\$520,610	\$122,850

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$396,928	\$387,413	(\$9,515)
Debt Service	104,155	104,155	0
Capital Projects	353,130	247,815	(105,315)
Total	\$854,213	\$739,383	(\$114,830)

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$558,882	\$431,462	\$127,420
Debt Service	104,155	104,155	0
Capital Projects	106,645	295,225	(188,580)
Total	\$769,682	\$830,842	(\$61,160)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Park Commissioners adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 Park.

Property owners assess tangible personal property tax. They must file a list of this 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 Park.

5. DEBT

Debt outstanding at December 31, 2004:

	Principal	Interest Rate
Tax Anticipation Notes	\$99,301	4.80%

The Park issued Ohio Revised Code Section 133.24 Tax Anticipation Notes on July 2, 2001, in the amount of \$375,000 at 4.80% for a term of four years to build a new duck pond and maintenance building. Interest and principal payments are due semi-annually to the Andover Bank. The Notes are collateralized by the taxing authority of the Park.

Amortization of the above debt, including interest of \$3,633 is scheduled as follows:

Year ending December 31:	Tax Anticipation Notes
2005	\$102,934

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

6. RETIREMENT SYSTEM

The Park's full-time 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 Park contributed an amount equal to 13.55 percent of participants' gross salaries. The Park has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

The Park belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships and parks. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships and parks can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township or parks.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

7. RISK MANAGEMENT (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

8. TRANSFER

The Park Commission received approval from the Ashtabula County Common Pleas Court to transfer \$50,765.00 from the Capital Projects Breakwall Fund into the General Fund for the purpose of paying a Tax Anticipation Note in January 2004.

9. LEGAL COMPLIANCE

The Park was in violation of the following Ohio Revised Code Sections:

- 1- Ohio Revised Code § 9.38 requires that monies be deposited within 24 hours unless certain provisions are met and established by the Board. Boat ramp fees were not being deposited as required either by this section or within the contract provisions the Park established.
- 2- Ohio Revised Code §'s 117.11, 117.43, 149.35 and 149.43 establish the Auditor of State to prescribe accounting procedures and records to be maintained and also for the formation of a Records Commission. The Park contracted with an individual to perform services for the Park, and records were not maintained by this individual pertaining to the services rendered.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Ashtabula Township Park Commission
Ashtabula County
120 Manola Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

We have audited the financial statements of the Ashtabula Township Park Commission (the Park) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated February 2, 2006 wherein we noted the Park followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Park uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Park because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. Except as described in the following sentence, 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*. We qualified our report on the 2004 and 2003 statements based on insufficient evidential matter to support certain General Fund receipts.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. 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 Park's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

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. 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 material weaknesses. We consider reportable conditions 2004-001 and 2004-002 listed above to be material weaknesses.

In a separate letter to the Park's management dated February 2, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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Compliance and Other Matters

As part of reasonably assuring whether the Park'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 two instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-003 and 2004-004. In a separate letter to the Park's management dated February 2, 2006, we reported other matters related to noncompliance we deemed immaterial.

This report is intended solely for the information and use of the 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

February 2, 2006

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Material Weakness

The Park utilizes the Uniform Accounting Network (UAN), a computerized system of accounting. This system was developed by the Auditor of State's office, which when properly instituted will provide certain internal controls and safeguards for governmental accounting transactions. In 2004, receipts were not always being posted to the UAN system in the month that they occurred.

This weakness could result in the possibility that monies could be diverted from the Park without proper detection, accurate accounting records are not maintained, bank reconciliations and the auditing function becomes tedious in accounting for these transactions.

In order for the Park to properly account for their financial information, receipts and deposits should be accounted for in the month that the transaction occurred.

FINDING NUMBER 2004-002

Material Weakness

The Ashtabula Township Park Commission entered into a Contract/Lease Agreement for the Bait Shop with a private individual in 2003 and 2004 to collect (if required) Boat Ramp Fees.

During our testing of boat ramp fees collected in 2003 and 2004, we noted the following:

1. The Lessee of the Bait Shop prepares a "Daily Report Sheet" which reflects beginning and ending change, payments that have been made, and receipts collected during the day.
2. A cash register was purchased by said lessee for use in the Bait Shop to enter daily sales of minnows/worms, tackle, etc. However, boat ramp fees were not entered.
3. The Ashtabula Township Park Commission's Clerk generated a "Log Book" to be utilized by the Lessee of the Bait Shop to record:
 - a.) Boater's Name
 - b.) Ohio License Number of the Boat
 - c.) Ticket number issued to Boater

During our testing of these records from the Bait Shop, we were informed by the Lessee that the following records were not maintained for audit and had been discarded for the entire audit period: (1) the Daily Report Sheets and Cash Register Tapes; and (2) that the "Log Book" had been discontinued in June 2004 by the Lessee.

The effect of not maintaining support documentation leads to the possibility that monies could be diverted from the Park without proper detection, accurate accounting records are not maintained, and that the Park Board is not provided proper detail on certain aspects of the Park's operation.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-002 (Continued)

In order for the Lessee to properly account for the Boat Ramp Fees Collected to the Ashtabula Township Park Commission, the following should be implemented:

The Contract entered into with the Lessee of the Bait Shop should incorporate the following:

- a.) Specific policies in regards to what type of accounting records should be maintained and turned in to the Ashtabula Township Park Commission Clerk to account for Boat Ramp Fees collected.
- b.) These reports should be remitted at the time the Lessee remits the boat ramp fees to the Clerk.
- c.) The Ashtabula Township Park Commission Clerk should count and verify that daily and season tickets sold match to the amount of receipts that are turned in by the Lessee.

FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Revised Code § 9.38 requires in part that a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of public office or properly designated depository on the business day next following the day of receipt, if the total amount of moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

Our testing of receipts turned in from the Lessee of the Bait Shop revealed that amounts of up to \$1,165 were not being remitted to the Park Clerk for up to 70 days as required by RC 9.38 and the agreement, which stated lessee "will turn into the Park Office no later than 4:00 p.m. every day the receipts that are collected for "boat ramp fees".

This could lead to a loss of interest revenue on moneys not deposited into the designated depository account within the time frame governed by the aforementioned provisions and also does not provide a proper safeguard of monies collected or due the Park.

We recommend that the Lessee remit public moneys to the Park Clerk in accordance with Section 9.38 of the Ohio Revised Code and in accordance with the agreement that the Park Board enacted.

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-004

Noncompliance Citation

Ohio Revised Code §'s 117.11 and 117.43 authorize the Auditor of State to perform audits of public entities and establish the accounting procedures and records that are required to be utilized by these entities. **Ohio Revised Code §'s 149.35 and 149.43** establish the need for public entities to form a Records Commission and also to make available on notice any public record that is maintained by the entity.

In the course of performing the audit of the Ashtabula Township Park Commission, "Daily Report Sheets" and cash register tapes used in the collection of boat ramp fees were discarded and not maintained for audit by an individual contracted by the Park to perform these services. By not maintaining these documents or insuring themselves that said records were to be maintained, the Park Commission violated provisions that the Auditor of State requires to be implemented for accounting purposes and the Revised Code requires to be followed before any public record is disposed of.

The Park Commission has established a Records Commission and meets once a year. Policies and procedures including the time frame that public records are to be disposed of should be established for the records maintained by the Park itself, and also to any person contracted to perform Park business. It is the Parks ultimate responsibility to insure itself that proper instructions and policies are given to the employees of the Park and to any person hired by the Park to perform it's duties.



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ASHTABULA TOWNSHIP PARK COMMISSION

ASHTABULA 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
MAY 23, 2006**