



**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Painesville Township Park District
Lake County
1025 Hardy Road
Painesville Township, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of the Painesville Township Park District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the District 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 fund cash balances of the Painesville Township Park District, Lake County, Ohio, as of December 31, 2001 and December 31, 2000, and its 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 April 5, 2002 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 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 audits.

This report is intended solely for the information and use of management, the Board of Trustees 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.

Jim Petro
Auditor of State

April 5, 2002

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**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General
Cash Receipts:	
Intergovernmental	\$114,633
Investment Income	115
Intangible Tax Refund	18
	114,766
 Cash Disbursements:	
Current:	
Salaries	9,000
Utilities	25,484
Insurance	495
Reimbursement of Expenses	922
Treasurer of the State	353
Construction Project	81,477
Cottage Improvement	8,594
Engineering Fees	4,077
Miscellaneous	673
Debt:	
Payment of Principal	25,000
Payment of Interest	788
	156,863
 Total Cash Disbursements	 156,863
 Total Receipts Over/(Under) Disbursements	 (42,097)
 Other Financing Receipts:	
Proceeds of Loan	25,000
	25,000
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 (17,097)
 Fund Cash Balance, January 1, 2001	 25,053
 Fund Cash Balance, December 31, 2001	 \$7,956

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

**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General
Cash Receipts:	
Intergovernmental	\$116,199
Investment Income	3,245
Miscellaneous Revenue	567
 Total Cash Receipts	 120,011
Cash Disbursements:	
Current:	
Salaries	9,000
Utilities	20,455
Insurance	515
Treasurer of the State	1,069
Construction Project	108,792
Cottage Improvement	557
Engineering Fees	2,033
Architectural Fees	441
Community Center Improvement	19,663
Advertising Fees	781
Landscaping Fees	2,049
Miscellaneous	238
 Total Cash Disbursements	 165,593
 Total Receipts Over/(Under) Disbursements	 (45,582)
 Fund Cash Balance, January 1, 2000	 70,635
 Fund Cash Balance, December 31, 2000	 \$25,053

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

**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Painesville Township Park District, Lake County, Ohio, (the District) 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 District is directed by a three-member Board of Trustees appointed by the Lake County Common Pleas Probate Judge. The District is in a joint venture with the Lake MetroParks and uses the Lake MetroPark rangers to provide security of persons and property.

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 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

The District utilizes a checking account and a savings account. The District does not have any investments.

D. Fund Accounting

General Fund

The District accounts for all of its financial activity in the 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.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Appropriations lapse at year end.

**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. While the District did not use the encumbrance method of accounting, there were no transactions that needed to be encumbered at year end.

A summary of 2001 and 2000 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 CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$7,956</u>	<u>\$25,053</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

<u>Fund Type</u>	<u>2001 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	Budgeted Receipts	Actual Receipts	
General	\$121,740	\$139,766	\$18,026

<u>Fund Type</u>	<u>2001 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	Appropriation Authority	Budgetary Expenditures	
General	\$100,000	\$156,863	(\$56,863)

**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

3. BUDGETARY ACTIVITY (Continued)

<u>Fund Type</u>	<u>2000 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$150,500	\$120,011	(\$30,489)

<u>Fund Type</u>	<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$100,000	\$165,593	(\$65,593)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$56,863 and \$65,593 for the years ended December 31, 2001 and December 31, 2000, respectively. Also contrary to Ohio law, the fiscal officer did not certify the availability of funds.

4. RISK MANAGEMENT

The District has obtained commercial liability insurance.

5. RELATED PARTY TRANSACTIONS

The Clerk of the District is a partner of the law firm which is also the legal counsel for the District. The District did not pay any legal fees during the audit period.

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

Painesville Township Park District
Lake County
1025 Hardy Road
Painesville Township, Ohio 44077

To the Board of Trustees:

We have audited the accompanying financial statements of the Painesville Township Park District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 5, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40843-001 and 2001-40843-002

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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 District in a separate letter dated April 5, 2002.

Painesville Township Park District
Lake County
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 Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 5, 2002

**PAINESVILLE TOWNSHIP PARK DISTRICT
LAKE COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-40843-001
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Under HB 262, effective for fiscal years ending December 2000 and subsequent, park districts are required to adhere to the requirements of Ohio Rev. Code Chapter 5705.

Ohio Rev. Code § 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. Ohio Rev. Code § 5705.40, requires that the Board of Trustees amend the appropriations if they intend to spend more than the original appropriation. The Board of Trustees spent more than the original appropriation but did not amend the appropriation up to the level of expenditure. As a result, the General fund had expenditures in excess of appropriations at the legal level of control at December 31, 2001 and December 31, 2000. The amounts are as follows:

	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Excess</u>
December 31, 2001	\$100,000	\$156,863	(\$56,863)
December 31, 2000	100,000	165,593	(65,593)

We recommend that management and the Board of Trustees monitor appropriations and expenditures on a monthly basis and amend the appropriation if they intend to exceed the enacted appropriation.

Finding Number	2001-40843-002
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Under HB 262, effective for fiscal years ending December 2000 and subsequent, park districts are required to adhere to the requirements of Ohio Rev. Code Chapter 5705.

Ohio Revised Code § 5705.41(D), states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance.

This section also provides two exceptions to the above requirements:

- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate (a then and now certificate), if such expenditure is otherwise valid.
- If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

The fiscal officer did not certify the availability of funds for any expenditure during the years ended December 31, 2001 and December 31, 2000. While the fiscal officer stated he was not aware of this requirement, this matter was reported to management in the December 31, 1999 audit.

We recommend the fiscal officer certify the availability of funds prior to entering into any obligation.



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PAINESVILLE TOWNSHIP PARK DISTRICT

LAKE 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 9, 2002**