



**Auditor of State
Betty Montgomery**

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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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 the Ashtabula Township Park Commission, Ashtabula County, (the Park) as of and for the years ended December 31, 2002 and December 31, 2001. 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.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Park as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Ashtabula Township Park Commission
Ashtabula County
Independent Accountants' Report
Page 2

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

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

Betty Montgomery
Auditor of State

April 7, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$288,880	\$104,155	\$0	\$393,035
Intergovernmental	70,367			70,367
Licenses, Permits, and Fees	1,105			1,105
Earnings on Investments	7,269			7,269
Other Revenue	11,115			11,115
	<u>378,736</u>	<u>104,155</u>	<u>0</u>	<u>482,891</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	266,594			266,594
Public Works	8,105			8,105
Conservation - Recreation	1,800			1,800
Debt Service:				
Redemption of Principal		87,189		87,189
Interest and Fiscal Charges		16,966		16,966
Capital Outlay	137,904		246,920	384,824
	<u>414,403</u>	<u>104,155</u>	<u>246,920</u>	<u>765,478</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(35,667)</u>	<u>0</u>	<u>(246,920)</u>	<u>(282,587)</u>
Other Financing Receipts and (Disbursements):				
Sale of Fixed Assets	7,426			7,426
Transfers-In			26,000	26,000
Transfers-Out	(26,000)			(26,000)
Other Sources			1,935	1,935
	<u>(18,574)</u>		<u>27,935</u>	<u>9,361</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(54,241)	0	(218,985)	(273,226)
Fund Cash Balances, January 1	<u>216,195</u>	<u>0</u>	<u>324,300</u>	<u>540,495</u>
Fund Cash Balances, December 31	<u>\$161,954</u>	<u>\$0</u>	<u>\$105,315</u>	<u>\$267,269</u>
Reserve for Encumbrances, December 31	<u>\$19,072</u>		<u>\$1,330</u>	<u>\$20,402</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, 2001**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Capital Projects	
Cash Receipts:			
Local Taxes	\$420,983	\$0	\$420,983
Intergovernmental	45,101		45,101
Licenses, Permits, and Fees	3,420		3,420
Earnings on Investments	7,596		7,596
Other Revenue	12,710		12,710
 Total Cash Receipts	 489,810	 0	 489,810
Cash Disbursements:			
Current:			
General Government	270,371		270,371
Public Works	287		287
Conservation - Recreation	30,447		30,447
Capital Outlay	34,546	246,450	280,996
 Total Cash Disbursements	 335,651	 246,450	 582,101
 Total Receipts Over/(Under) Disbursements	 154,159	 (246,450)	 (92,291)
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes	375,000		375,000
Transfers-In		570,750	570,750
Transfers-Out	(570,750)		(570,750)
 Total Other Financing Receipts/(Disbursements)	 (195,750)	 570,750	 375,000
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (41,591)	 324,300	 282,709
 Fund Cash Balances, January 1	 257,786	 0	 257,786
 Fund Cash Balances, December 31	 \$216,195	 \$324,300	 \$540,495
 Reserve for Encumbrances, December 31	 \$1,615	 \$9,000	 \$10,615

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, 2001 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ashtabula Township Park Commission, Ashtabula County, (the Park) 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 Park is directed by a three-member Board of Commissioners appointed by the probate judge of Ashtabula County.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**ASHTBULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Park had the following significant Capital Project Funds:

New Building Fund - This fund received proceeds of general obligation bonds. The proceeds were used to construct a new park maintenance building.

Duck Pond Retaining Wall - This fund received proceeds of general obligation bonds. The proceeds were used to construct a duck pond retaining wall.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted 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 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Park uses.

**ASHTBULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2002
Demand deposits	\$540,495	\$267,269

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$692,150	\$386,162	(\$305,988)
Debt Service	0	104,155	104,155
Capital Projects	341,300	27,935	(313,365)
Total	\$1,033,450	\$518,252	(\$515,198)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$587,995	\$459,475	\$128,520
Debt Service	104,155	104,155	\$0
Capital Projects	315,300	248,250	\$67,050
Total	\$1,007,450	\$811,880	\$195,570

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,048,326	\$864,810	(\$183,516)
Capital Projects	570,750	570,750	0
Total	\$1,619,076	\$1,435,560	(\$183,516)

**ASHTBULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,101,354	\$908,016	\$193,338
Capital Projects	570,750	255,450	\$315,300
Total	\$1,672,104	\$1,163,466	\$508,638

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Park.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Park.

5. DEBT

Debt outstanding at December 31, 2002:

	Principal	Interest Rate
Tax Anticipation Notes	287,811	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 \$24,654, is scheduled as follows:

	Tax Anticipation Notes
Year ending December 31:	
2003	104,155
2004	104,155
2005	104,155
Total	\$312,465

**ASHTBULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

6. RETIREMENT SYSTEM

The Park's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Park contributed an amount equal to 13.55% of participants' gross salaries. The Park has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Park belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. 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 occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

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. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

**ASHTBULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

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

7. RISK MANAGEMENT (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31: (These are the most current amounts available)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

8. MILLENNIUM INORGANIC CORPORATION TAX REFUND

The Park reimbursed the Millennium Corporation for an overpayment of personal property taxes for the years 1996-1997 in the amount of \$10,878. The figures used in the calculation of the refund were provided by Millennium Inorganic Corporation, the County Auditor and approved by the Ohio Department of Taxation.



**Auditor of State
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 accompanying financial statements of Ashtabula Township Park Commission, Ashtabula County, (the Park) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Park'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted various immaterial instances of noncompliance that we have reported to management of the Park in a separate letter dated April 7, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park'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 various matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Park in a separate letter dated April 7, 2003.

Ashtabula Township Park Commission
Ashtabula County
Report of Independent Accountants 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 Park Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 7, 2003

**ASHTABULA TOWNSHIP PARK COMMISSION
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-41104-001	ORC 5705.39 appropriations exceed estimated resources	No	Repeated as management letter comment
2000-41104-002	ORC 5705.02, 5705.07, 5705.18 Ten Mill Limitations Investment	Yes	
2000-41104-003	Journal Cash	Yes	
2000-41104-004	Reconciliations Monthly	Yes	
2000-41104-005	Financial Reports Financial	Yes	
2000-41104-006	Recording	Yes	



**Auditor of State
Betty Montgomery**

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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 8, 2003**