



**Auditor of State
Betty Montgomery**

**AUGLAIZE TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Auglaize Township Park District
Allen County
P.O. Box 247
Harrod, Ohio 45850

To the Board of Commissioners:

We have audited the accompanying financial statements of the Auglaize Township Park District, Allen County (the District) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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 District as of December 31, 2002 and 2001, 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 1, 2003, 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 audit.

Auglaize Township Park District
Allen County
Independent Accountants' Report
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This report is intended solely for the information and use of management, Board of 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 1, 2003

**AUGLAIZE TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Type
	General
Cash Receipts:	
Intergovernmental Revenue	\$4,640
Grants	3,880
Gifts and Donations	461
Total Cash Receipts	8,981
Cash Disbursements:	
General Government	3,783
Capital Outlay	4,314
Other	1,056
Total Cash Disbursements	9,153
Total Receipts Over/(Under) Disbursements	(172)
Fund Cash Balance, January 1	1,021
Fund Cash Balance, December 31	\$849

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

**AUGLAIZE TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Type
	General
Cash Receipts:	
Intergovernmental Revenue	\$4,903
Grants	6,000
Gifts and Donations	353
Total Cash Receipts	11,256
Cash Disbursements:	
General Government	5,282
Capital Outlay	6,473
Other	857
Total Cash Disbursements	12,612
Total Receipts Over/(Under) Disbursements	(1,356)
Fund Cash Balance, January 1	2,377
Fund Cash Balance, December 31	\$1,021

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

**AUGLAIZE TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Auglaize Township Park District, Allen County, (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 Commissioners appointed by the common pleas judge of Allen County. At December 31, 2002, the District had two members on the Board.

The District acquires lands for conversion into forest reserves and for the conservation of the 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 same as the Board deems conducive to the general welfare.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting 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

All District funds are held in demand deposit accounts.

D. Fund Accounting

The District used fund accounting and classifies its fund into the following type:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

E. Budgetary Process

The Ohio Revised Code requires that the District budget its fund annually.

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.

**AUGLAIZE TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

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 POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$849</u>	<u>\$1,021</u>

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

3. COMPLIANCE

The Auglaize Township Park District did not prepare an operating budget, certify available revenue, nor was an annual appropriation measure adopted for 2002 and 2001, as required by the Ohio Revised Code Sections 5705.28, 5705.36, and 5705.38 respectively. Also, based on the aforementioned deficiencies, the fiscal officer did not certify that the amounts required for orders or contracts had been lawfully appropriated and were in the treasury or in the process of collection as required by Ohio Rev. Code Section 5705.41(D).

4. RISK MANAGEMENT

The District has obtained commercial insurance for comprehensive property and general liability.



**Auditor of State
Betty Montgomery**

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

Auglaize Township Park District
Allen County
P.O. Box 247
Harrod, Ohio 45850

To the Board of Commissioners:

We have audited the accompanying financial statements of Auglaize Township Park District, Allen County (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 1, 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 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 audit 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 as items 2002-40202-001 through 2002-40202-004. 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. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated, April 1, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, 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.

Auglaize Township Park District
Allen County
Independent Accountants' 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 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 1, 2003

**AUGLAIZE TOWNSHIP PARK DISTRICT
ALLEN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-40202-001

Adoption of Operating Budget

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

The District did not adopt an operating budget in 2002 or 2001, nor did they follow any budgetary procedures as prescribed in the Ohio Revised Code, Chapter 5705.

Failure to adopt an operating budget could lead to expenditures being made not in line with the Board's intentions. Not adopting or following budgetary procedures could lead to amounts being expended in excess of current resources and expected revenue not being received and not detected in a timely manner.

An operating budget should be adopted annually and approval documented in the minutes. In addition, the applicable sections of Chapter 5705, of the Ohio Revised Code should be reviewed in an effort to familiarize the Board Members with the required budgetary requirements.

FINDING NUMBER 2002-40202-002

Certification of Total Amount Available for Expenditure

Ohio Rev. Code Section 5705.36 requires that on or about the first day of each fiscal year the fiscal officer is to prepare and certify to the total amount from all sources which is available for expenditure along with any encumbered balances that existed at the end of the preceding year.

The District did not prepare or certify the total amount of all sources available for expenditure along with any encumbered balances that existed at the end of the preceding year for 2002 or 2001.

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

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

FINDING NUMBER 2002-40202-003

Adoption of Annual Appropriation Measure

Ohio Rev. Code Section 5705.38, states that on or about the first day of each fiscal year, an appropriation measure is to be passed to act as a measuring tool for the expenditures of the entity. If the taxing authority wants to postpone the passage of the annual appropriation measure it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

There is no evidence in the minutes that the permanent appropriation resolution was adopted in 2002 or 2001. Failure to formally approve the permanent appropriation resolution in the minutes could lead to expenditures being made which are not in line with the wishes of the Board.

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

FINDING NUMBER 2002-40202-004

Prior Certification of Expenditures

Ohio Rev. Code Section 5705.41 (D), states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

The following exception to this basic requirement provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 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.

The District did not use the required certification procedures for 100 percent of the transactions in 2002 and 2001.

The required certification should be obtained from the fiscal officer prior to purchasing goods and services. When certification has not been obtained prior to the obligation, a "Then and Now" certification should be documented by the Clerk and subsequent approval should be obtained within thirty days from the Board for all amounts over one thousand dollars.



**Auditor of State
Betty Montgomery**

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AUGLAIZE TOWNSHIP PARK DISTRICT

ALLEN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**