



**Auditor of State
Betty Montgomery**

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

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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 Park District), as of and for the years ended December 31, 2002 and 2001. This financial statement is the responsibility of the Park 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 *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 District prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the cash balances of the Richland Township Memorial Park District, Belmont County, 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 August 15, 2003, on our consideration of the Park 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.

Richland Township Memorial Park District
Belmont County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the 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

August 15, 2003

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Charges for Services	\$58,938	\$51,776
Intergovernmental Revenue	39,669	39,777
Investment Income	236	249
All Other Receipts	493	6,440
Total Cash Receipts	99,336	98,242
Cash Disbursements:		
Current:		
Salaries and Fringe Benefits	40,707	37,063
Materials and Supplies	11,521	18,383
Repairs and Maintenance	9,866	3,885
Utilities	6,619	5,919
Insurance	6,018	5,848
Accounting Services	3,360	3,000
Public Employees Retirement	5,121	4,724
Workers' Compensation	379	574
Miscellaneous	2,261	5,194
Debt:		
Payment of Principal	13,083	18,599
Payment of Interest and Fiscal Charges	612	1,212
Total Cash Disbursements	99,547	104,401
Total Cash Receipts Over/(Under) Cash Disbursements	(211)	(6,159)
Other Financing Receipts:		
Proceeds from Sale of Public Debt:		
Sale of Notes	13,083	13,085
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	12,872	6,926
Cash Balance, January 1	12,178	5,252
Cash Balance, December 31	\$25,050	\$12,178

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Richland Township Memorial Park District, Belmont County (the Park 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 Park District is directed by a three-member Board of Commissioners appointed by the probate judge of Belmont County. The Park District Commissioners are responsible for the general operation of the park and pool.

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

B. Basis of Accounting

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).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Budgetary Process

The Ohio Revised Code requires the Park District 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 of Commissioners 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, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

D. 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 statement.

2. CASH

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

	2002	2001
Demand deposits	\$25,050	\$12,178

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$100,000	\$112,419	\$12,419

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$100,000	\$99,547	\$453

2001 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$120,000	\$111,327	(\$8,673)

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$120,000	\$104,401	\$15,599

4. DEBT

Debt outstanding as of December 31, 2002, was as follows:

	Principal	Interest Rate
General Obligation Note	\$13,083	4.25%

The Park District issued a general obligation note on April 5, 2002, in the amount of \$13,083, for a term of one year, to refinance debt relating to constructing a shelter at the park. Interest and principal payments are due on demand, but if no demand is made, then payment is at maturity to Belmont National Bank. The general obligation note is collateralized by the taxing authority of the Park District.

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

	General Obligation Note
Year ending December 31: 2003	\$13,639

5. RETIREMENT SYSTEM

The Park District 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 District contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The District has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Park District has obtained commercial insurance for the following risks:

- General liability and casualty;
- Building; and
- Property.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
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 accompanying financial statement of the Richland Township Memorial Park District, Belmont County, Ohio (the Park District), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 15, 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 District's financial statement is 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Park District in a separate letter dated August 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance 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 to be 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 entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-002 and 2002-003.

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. 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 to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also 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 Park District in a separate letter dated August 15, 2003.

This report is intended 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.



Betty Montgomery
Auditor of State

August 15, 2003

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT 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 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) 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 encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate- This exception provides that, 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. 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.

- B. Amounts of less than \$1,000 (which was increased to \$3,000 on 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.

The Park District Treasurer's prior certification of available funds was not obtained for 47% of transactions tested in 2002 and 2001 and there was no evidence of a "Then and Now" certificate being used by the Park District Treasurer.

We recommend the Park District obtain the Park District Treasurer's prior certification of available funds for all disbursements.

FINDING NUMBER 2002-002

Reportable Conditions - Recording of Debt Activity

Note proceeds and principal payments should be recorded as receipts and expenditures when general obligation notes mature and are reissued. The Park District issued general obligation notes in 2002 and 2001. Note proceeds and principal payments were not recorded on the financial statements as a receipt and expenditure. Audit adjustments were required to be recorded to the Park District's 2002 and 2001 financial statements due to note proceeds and debt service principal payments being understated.

We recommend the Park District record note proceeds and principal payments on the financial statements as a receipt and expenditure.

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-003

Reportable Conditions - Concession Stand Sales and Inventory

The pool operates a concession stand in which items are sold to pool patrons. The Park District does not keep track of the items purchased or sold in the stand. There is no reconciliation performed of the items sold times the selling price to determine the cash on hand is reasonable to the items sold.

As a result of this situation, we were unable to determine if items purchased to be sold in the pool concession stand were actually sold and money included in the daily deposit.

We recommend the Park District perform a detailed inventory of concession stand items at the beginning of the season and periodically throughout the season. The inventory at the beginning of the year should record all items purchased for sale in the concession stand. When an item is purchased the pool employee should mark down the item sold as well as the selling price of the item. At the end of the day they should compare the items sold as well as the selling price of that item. At the end of the day they should compare the items sold per the sheet to the amount of money collected and investigate any significant variance. Items purchased for sale in the concessions stand should be added to the inventory sheet. Periodically, items sold should be compared to the remaining inventory. The inventory sheet should be maintained for review upon request. Finally, the Board of Park Commissioners should designate someone to review the records maintained by the manager for errors and omissions throughout the pool season. We considered this in forming our opinion on the financial statement.

**RICHLAND TOWNSHIP MEMORIAL PARK DISTRICT
BELMONT 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; Explain:
2000-41007-001	The Park District did not properly encumber contrary to Ohio Rev. Code Section 5705.41(D).	No	Reissued as finding 2002-001
2000-41007-002	The Park District had expenditures which exceeded appropriations contrary to Ohio Rev. Code Section 5705.41(B).	Yes	N/A.
2000-41007-003	The Park District did not properly record the note proceeds and principal payments on the financial statements.	No	Reissued as finding 2002-002



**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
OCTOBER 7, 2003**