

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Audited Financial Statements
For the years ended December 31, 2004 and 2005**



**Auditor of State
Betty Montgomery**

Board of Trustees
Lawrence Township Joint Recreation District
1499 Ridge Road NW
P.O. Box 100
Bolivar, Ohio 44612

We have reviewed the *Report of Independent Accountant* of the Lawrence Township Joint Recreation District, Tuscarawas County, prepared by Malecki & Co., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountant* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountant* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lawrence Township Joint Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 30, 2006

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**Lawrence Township Joint Recreation District
Tuscarawas County**

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Lawrence Township Joint Recreation District
Tuscarawas County
PO Box 100
Bolivar, OH 44612

REPORT OF INDEPENDENT ACCOUNTANT

To the Board of Trustees:

I have audited the accompanying financial statements of the Lawrence Township Joint Recreational District (the District) for the years ended December 31, 2004 and 2005. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As described more fully in Note 1, the government 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 I cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, I presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the District does not follow GAAP, generally accepted auditing standards require me 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 District has elected not to reformat its statements. Since this District 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. My opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In my opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2004 and 2005, or its changes in financial position for the years then ended.

Also, in my opinion, the financial statements referred to above present fairly, in all material respects, the combined cash receipts and disbursements, cash balances and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2004 and 2005. The District 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*, I have also issued my report dated August 24, 2006 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While I did not opine on the internal control over financial reporting or on compliance, that report describes the scope of my 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 my audit.

Malecki & Co
August 24, 2006

Lawrence Township Joint Recreation District
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balance
For the years ending December 31,

	<u>2005</u>	<u>2004</u>
Cash Receipts		
Local taxes	\$ 30,227	\$ 30,617
Interest	43	47
Intergovernmental	3,514	3,748
Pool	21,216	19,060
Concession	9,884	7,657
Miscellaneous	-0-	309
Total Cash Receipts	<u>64,884</u>	<u>61,438</u>
 Cash disbursements		
Salaries & benefits	26,962	28,950
Administrative supplies & equipment	8,433	9,119
Auditor fees	526	573
Pool supplies & equipment	4,074	4,090
Concession supplies & equipment	5,094	5,493
Maintenance supplies & equipment	7,574	7,222
Utilities	6,199	9,639
Miscellaneous	-0-	38
Total Cash disbursements	<u>58,862</u>	<u>65,124</u>
Net income/(loss)	<u>6,022</u>	<u>(3,686)</u>
 Fund cash balances January 1,	<u>4,111</u>	<u>7,797</u>
 Fund cash balances December 31,,	<u>\$ 10,133</u>	<u>\$ 4,111</u>
 Reserve for encumbrances, December 31,	<u>\$ 447</u>	<u>\$ 0</u>

See accompanying accountant's report and notes to financial statement.

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2004 and 2005**

A. Summary of Significant Accounting Policies

1. Description of the Entity

The Lawrence Township Joint Recreation District, Tuscarawas 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 seven member Board of Trustees appointed by the Villages of Bolivar, Zoar and Lawrence Township. The District provides maintenance and supervision of leisure time activities within Lawrence Township.

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

2. 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. Under the cash receipts and disbursements method of accounting revenues are recognized when cash is received rather than when earned. Expenses are recognized when cash is disbursed rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

3. Cash

During 2004 and 2005 all District funds were maintained in an interest bearing checking account.

4. Fund Accounting

The District uses fund accounting to segregate funds that are restricted as to use. The *General Fund* is the only operating fund of the district. It is used to account for all financial resources.

5. Budgetary Process

The Ohio Revised Code requires the General Fund to be budgeted annually.

a. 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. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the Annual Appropriation Measure. Appropriations lapse at year end.

b. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2004 and 2005
(Continued)**

A. Summary of Significant Accounting Policies (continued)

c. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District uses the encumbrance method of accounting.

A summary of 2004 and 2005 budgetary activity appears in Note C.

6. Property, Plant and Equipment

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

B. Cash

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of cash at December 31, 2004, and 2005 was \$4,111 and \$10,133, respectively. District monies were maintained in demand deposit accounts.

Deposits are insured by the Federal Depository Insurance Corporation.

C. Budgetary Activity

Budgetary activity for the years ending December 31, 2004 and 2005 was as follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$64,650	\$61,438	(\$3,212)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 72,080	\$ 65,127	\$6,953

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2004 and 2005
(Continued)**

C. Budgetary Activity (Continued)

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 65,250	\$ 64,884	\$ 366

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 68,648	\$ 59,308	\$9,340

D. Property Tax

Real property taxes become a lien on the January 1 preceding the October 1 date for which rates are adopted by the board of Trustees. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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 District.

E. Retirement System

All 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 post-retirement 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 2004 and 2005, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2005. The District has paid all contributions required through December 31, 2005.

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2004 and 2005
(Continued)**

F. Risk Management

The District obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public official's liability

There was no significant reduction in coverage from prior years. No claims have been made against, or paid by the District, in the past three.

Lawrence Township Joint Recreation District
Tuscarawas County
P.O. Box 100
Bolivar, Ohio 44612

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with Government
Auditing Standards**

To the Board of Trustees:

I have audited the financial statements of the Lawrence Township Joint Recreation District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2004 and 2005, and have issued my report thereon dated August 24, 2006. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My 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 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I have reported to management of the District in a separate letter dated August 24, 2006.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Malecki & Co.
August 24, 2006



**Auditor of State
Betty Montgomery**

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LAWRENCE TOWNSHIP JOINT RECREATION DISTRICT

TUSCARAWAS 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
NOVEMBER 9, 2006**