



**Auditor of State
Betty Montgomery**

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Guernsey County Park District
Guernsey County
P.O. Box 8
Byesville, Ohio 43723

To the Board of Park Commissioners:

We have audited the accompanying financial statement of the Guernsey County Park District, Guernsey County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002. This financial statement is the responsibility of the 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 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 statement referred to above presents fairly, in all material respects, the cash balance of the Guernsey County Park District, Guernsey County, as of December 31, 2003 and 2002, 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 November 17, 2004 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.

Guernsey County Park District
Guernsey 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

November 17, 2004

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Cash Receipts:		
Grants	\$2,539	\$10,786
Local Government Contributions	10,200	17,700
	12,739	28,486
Total Cash Receipts	12,739	28,486
Cash Disbursements:		
Current:		
Supplies	1,783	3,395
Contract Services	8,535	14,103
Capital Outlay	10,178	10,178
	10,318	27,676
Total Cash Disbursements	10,318	27,676
Total Cash Receipts Over/(Under) Cash Disbursements	2,421	810
Cash Balance, January 1	810	0
Cash Balance, December 31	\$3,231	\$810

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

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**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Guernsey County Park District, Guernsey 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 Commissioners appointed by the probate judge of Guernsey County. The Park District was formed primarily for the upkeep, repair and improvements to Jackson Park. 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 this financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows 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. Cash and Investments

In accordance with Ohio Revised Code, the District's cash is held and invested by the Guernsey County Treasurer, who acts as custodian for District monies.

D. Budgetary

The Ohio Revised Code requires the District to prepare an annual budget.

1. 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. The Board 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.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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. BUDGETARY

The Board of Park Commissioners did not adopt a revenue or expenditure budget for either year under audit.

3. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive property and general liability; and
- Errors and omissions.

4. CONTINGENT LIABILITIES

There is no pending litigation outstanding against the District.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, management believes such refunds, if any, would not be material.



Auditor of State Betty Montgomery

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

Guernsey County Park District
Guernsey County
P.O. Box 8
Byesville, Ohio 43723

To the Board of Park Commissioners:

We have audited the accompanying financial statement of Guernsey County Park District, Guernsey County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 17, 2004. 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 statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-005. We also noted a certain immaterial instance of noncompliance that we have reported to the District's management in a separate letter dated November 17, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the District's management in a separate letter dated November 17, 2004.

Guernsey County Park District
Guernsey 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 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

November 17, 2004

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.28 (A)(2) provides that on or before July 15 of each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding year. Ohio Rev. Code Section 5705.28 (B)(2)(a) provides that if the District does not levy taxes, the District should adopt an operating budget on or before the fifteenth day of July each year for the ensuing fiscal year, which is not required to be filed with the county auditor or county budget commission. Ohio Rev. Code Section 5705.28(B)(2)(b) states that except for this section and Sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Ohio Revised Code, documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission. Ohio Rev. Code Section 5705.28(B)(2)(c) provides that appropriations from each fund are limited to estimated resources available for expenditures from the fund and appropriations shall be made from each fund only for the purposes for which the fund is established.

The District did not approve an operating budget for either year under audit. Although the District did not levy a tax, the District is still required to prepare an operating budget and maintain such operating budget throughout the year.

We recommend the Park District prepare an operating budget each year.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) provides that, on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If the subdivision desires to postpone the passage of an annual appropriation measure until an amended certificate is received based on actual balances, it may pass a temporary appropriation for meeting ordinary expenses of the taxing unit until not later than the first day of April of the current year, and the appropriations made therein shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

The District failed to pass a temporary or permanent appropriation measure for the years 2003 and 2002. The District did not pass a temporary appropriation measure at the beginning of these years to cover the time until the permanent appropriation measure was passed.

We recommend the District pass the appropriation measure at the beginning of the year. If the District wants to postpone the appropriation measure until later in the year, they should pass a temporary appropriation measure.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) provides that , no subdivision or taxing unit is to expend money unless it has been appropriated.

For 2003 and 2002, the District did not pass an appropriation measure (see Finding 2002-002), therefore all expenditures (100%) made would exceed appropriations.

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-003 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend the District annually pass a permanent appropriation resolution and review the appropriation balances each month and approve appropriation amendments as needed, prior to expending funds in excess of existing appropriations. The District Clerk should deny any payments when the expenditures exceed appropriations.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) (1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 Park District can authorize the drawing of a warrant for the payment of the amount due. The Park District has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$100 in the case of counties, or \$1,000 (which was increased to \$3,000 on April 7, 2003) in the case of all other subdivisions or taxing units, may be paid by the fiscal officer without a resolution or ordinance 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 Park district.

2. Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, the \$5,000 limit on the issuance of purchase orders and the requirement that purchase orders not extend beyond three months have been removed from the law. Effective September 26, 2003, purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-004 (Continued)

Noncompliance Citation (Continued)

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

3. Super Blanket Certificate – The Park District may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Park District did not properly certify the availability of funds prior to purchase commitment for any expenditure during 2003 and 2002. Since the Park Board did not pass an appropriation measure for 2003 or 2002, the fiscal officer cannot certify purchases.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Park District's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that funds are or will be available prior to obligation by the Park District. When prior certification is not possible, "then and now" certification should be used.

We recommend the Park District certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Park District incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-61030-001	Ohio Rev. Code Section 5705.28 Adoption of an operating budget	No	Not Corrected. Repeated in the current audit as Finding Number 2003-001
2003-61030-002	Ohio Rev. Code Section 5705.36 Certification of total amount from all sources available for expenditure	Yes	
2003-61030-003	Ohio Rev. Code Section 5705.38 Appropriation Resolution	No	Not Corrected. Repeated in the current audit as Finding Number 2003-003
2003-61030-004	Ohio Rev. Code Section 5705.41(B) Expenditures in excess of appropriations	No	Not Corrected. Repeated in the current audit as Finding Number 2003-004
2003-61030-005	Ohio Rev. Code Section 5705.41(D) Prior certification of expenditures	No	Partially Corrected. Repeated in the current audit as Finding Number 2003-005



**Auditor of State
Betty Montgomery**

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GUERNSEY COUNTY PARK DISTRICT

GUERNSEY 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
DECEMBER 23, 2004**