



**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002**



**Auditor of State  
Betty Montgomery**



**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Park Commissioners  
Painesville Township Regional Park District  
Lake County  
1025 Hardy Road  
Painesville Township, Ohio 44077

We have audited the accompanying financial statements of the Painesville Township Regional Park District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 2002. 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 described 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 Painesville Township Regional Park District, Lake County, Ohio, as of December 31, 2003 and December 31, 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 May 28, 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.

This report is intended solely for the information and use of management and the Board of Park Commissioners and other officials authorized to receive this report under Section 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

May 28, 2004

**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
THE GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental	\$107,070
Supplemental Tax Income	518
Investment Income	107
Other Receipts	9
Total Cash Receipts	107,704
<b>Cash Disbursements:</b>	
Current:	
Salaries	9,000
Utilities	23,286
Insurance	513
Reimbursements of Expenses	710
Contracts - Repair	85,456
Cottage Improvement	1,350
Other	1,026
Total Cash Disbursements	121,341
Total Receipts Over/(Under) Disbursements	(13,637)
Fund Cash Balance, January 1, 2003	61,494
<b>Fund Cash Balance, December 31, 2003</b>	<b>\$47,857</b>

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

**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
THE GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>General</b>
<b>Cash Receipts:</b>	
Intergovernmental	\$108,504
Investment Income	143
Intangible Tax Refund	634
Other receipts	203
	203
Total Cash Receipts	109,484
<b>Cash Disbursements:</b>	
Current:	
Salaries	9,000
Utilities	25,532
Insurance	512
Furniture and Equipment	1,695
Fees	1,192
Advertising and Printing	241
Cottage Improvement	3,498
Reimbursement of Expenses	1,624
Capital Outlay	11,824
Other	828
	828
Total Cash Disbursements	55,946
Total Receipts Over/(Under) Disbursements	53,538
Fund Cash Balance, January 1, 2002	7,956
<b>Fund Cash Balance, December 31, 2002</b>	<b>\$61,494</b>

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



**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Painesville Township Regional Park District, Lake 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 Lake County Common Pleas Probate Judge. In 1991, the District entered into a joint venture agreement with the Lake MetroParks for a term of twenty-five (25) years with an option to renew the joint venture agreement for an additional twenty-five (25) years. The District uses the Lake MetroPark rangers to provide security of persons and property.

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**

The District utilizes a checking account and a savings account. The District does not have any investments.

**D. Fund Accounting**

**1. General Fund**

The District accounts for all of its financial activity in the 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.

**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 level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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.

**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:

	2003	2002
Demand deposits	\$47,857	\$61,494

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$131,700	\$107,704	(\$23,996)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,000	\$121,341	(\$1,341)

**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$131,000	\$109,484	(\$21,516)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,000	\$55,946	\$44,054

**4. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial liability insurance.

**5. RELATED PARTY TRANSACTIONS**

The Clerk of the District is a partner of the law firm who is also the legal counsel for the District. The District did not pay any legal fees during the audit period.

**6. COMPLIANCE**

Contrary to the Ohio Revised Code, the District did not file their annual reports with the Auditor of State. In addition, the District did not publish notice in a local newspaper stating the financial reports were available for public inspection at the office of the Clerk.

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## Auditor of State Betty Montgomery

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

Board of Park Commissioners  
Painesville Township Regional Park District  
Lake County  
1025 Hardy Road  
Painesville Township, Ohio 44077

We have audited the financial statements of the Painesville Township Regional Park District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated May 28, 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 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 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 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 28, 2004.

#### 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. However, we 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 District in a separate letter dated May 28, 2004.

Painesville Township Regional Park District  
Lake 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

May 28, 2004

**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2003-001</b>
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**FILING OF FINANCIAL REPORTS**

Ohio Rev. Code § 117.38 states that cash basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The report shall contain the amount of: 1) receipts, and amounts due from each source; 2) expenditures for each purpose; 3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and 4) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The Auditor of State may provide waivers of these dates and penalties in certain circumstances.

The District did not file their annual reports with the Auditor of State nor did they publish notices in a local newspaper that the reports were available for public inspection at the Clerk's office for the fiscal years ending December 31, 2003 and December 31, 2002.

We recommend the District file their annual report with the Auditor of State within 60 days of the fiscal year end and publish notice in a local newspaper that the report is available for inspection at the Clerk's office.

**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT  
LAKE 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; <b><i>Explain:</i></b>
2001-40843-001	Ohio Revised Code 5705.41 (B), Expenditures exceeding appropriations	No	Finding No Longer Valid: Although this comment was applicable in 2003, the variance was immaterial. This is now a Management Letter comment.
2001-40843-002	Ohio Revised Code 5705.41 (D), Certifying the availability of funds	Yes	Finding No Longer Valid: The District is now certifying the availability of funds.





**Auditor of State  
Betty Montgomery**

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**PAINESVILLE TOWNSHIP REGIONAL PARK DISTRICT**

**LAKE 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  
JULY 6, 2004**