



**Auditor of State
Betty Montgomery**

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Washington Township Regional Park District
Lucas County
5421 Pageland Drive
Toledo, Ohio 43611-1523

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Washington Township Regional Park District, Lucas County, (the District), as of and for the years ended December 31, 2003 and 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 audits.

We conducted our audits 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 audits 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 audits provide 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, 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 October 29, 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 audits.

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
Ohio Auditor of State

October 29, 2004

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

| | <u>2003</u> | <u>2002</u> |
|--|------------------|------------------|
| Cash Receipts: | | |
| General Property Tax - Real Estate | \$ 50,494 | \$ 51,704 |
| Intergovernmental | 7,138 | 106,333 |
| Investment Income | 377 | 845 |
| Rentals | 3,150 | 150 |
| Other Receipts | 2,856 | 3,090 |
| | <hr/> | <hr/> |
| Total Cash Receipts | 64,015 | 162,122 |
| | <hr/> | <hr/> |
| Cash Disbursements: | | |
| Current: | | |
| Salaries - Employees | 2,721 | 2,976 |
| Supplies | 5,425 | 5,642 |
| Materials | 2,164 | 443 |
| Insurance | 5,781 | 2,550 |
| Maintenance and Repair | 1,279 | 1,154 |
| Contracts - Services | 4,268 | 6,384 |
| Rentals | 2,425 | 325 |
| Advertising and Printing | 63 | 54 |
| Utilities | 5,514 | 9,585 |
| Public Employees Retirement | 662 | 406 |
| Workers' Compensation | 295 | 161 |
| Capital Outlay | 1,405 | 294,985 |
| Debt: | | |
| Payment of Principal | 15,000 | 7,500 |
| Payment of Interest | 1,753 | 1,031 |
| Other | 2,497 | 4,700 |
| | <hr/> | <hr/> |
| Total Cash Disbursements | 51,252 | 337,896 |
| | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | 12,763 | (175,774) |
| | <hr/> | <hr/> |
| Other Financing Receipts/(Disbursements): | | |
| Proceeds from Sale of Public Debt: | | |
| Sale of Bonds | | 75,000 |
| | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | | 75,000 |
| | <hr/> | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 12,763 | (100,774) |
| Fund Cash Balances, January 1 | 56,045 | 156,819 |
| | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | \$ 68,808 | \$ 56,045 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Washington Township Regional Park District, Lucas 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 probate judge of Lucas County. The District's purpose is to develop, improve, and protect and promote the use of parks, parkways, and other reservations 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. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following types:

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.

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). 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.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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 statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash pool used by its sole fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

| | 2003 | 2002 |
|------------------|-----------|-----------|
| Demand Deposits | \$ 24,919 | \$ 52,532 |
| Savings Deposits | 43,889 | 3,513 |
| Total Deposits | \$ 68,808 | \$ 56,045 |

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

| | Budgeted Receipts | Actual Receipts | Variance |
|---------|----------------------|--------------------|-------------|
| General | \$ 97,081 | \$ 64,015 | \$ (33,762) |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| | Appropriation Authority | Budgetary Expenditures | Variance |
|---------|----------------------------|---------------------------|-----------|
| General | \$ 96,325 | \$ 51,252 | \$ 45,769 |

2002 Budgeted vs. Actual Receipts

| | Budgeted Receipts | Actual Receipts | Variance |
|---------|----------------------|--------------------|-----------|
| General | \$ 177,273 | \$ 237,122 | \$ 59,849 |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| | Appropriation Authority | Budgetary Expenditures | Variance |
|---------|----------------------------|---------------------------|--------------|
| General | \$ 148,700 | \$ 337,896 | \$ (189,196) |

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

The District did not always encumber funds for the years ended December 31, 2003 and 2002. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority by \$189,196 for the year ended December 31, 2002.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. 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.

Public utilities are also taxed on personal and real property located within the District.

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.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| Park District General Obligation Bond | <u>\$ 52,500</u> | 2.75% |

The District issued a Township Park District Bond on July 1, 2002, in the amount of \$75,000 at 2.75 percent for a term of five years for the purpose of paying a portion of the cost of improving Shoreland Park by constructing, furnishing, and equipping a new shelter house. Interest and principal payments are due semi-annually to KeyBank National Association. The Bond is collateralized by the taxing authority of the District.

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

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

| <u>Year ending December 31:</u> | <u>Township Park District Bond</u> |
|---------------------------------|--|
| 2004 | \$ 8,222 |
| 2005 | 16,135 |
| 2006 | 15,722 |
| 2007 | 15,309 |
| Total | <u>\$ 55,388</u> |

6. RETIREMENT SYSTEM

The District's full-time employee belongs to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, members of OPERS contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries through December 31, 2003. The District has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

8. RELATED PARTY TRANSACTIONS

In 2002, the Board contracted for park mowing services with a family relative of the Board-appointed Clerk. In 2002, said relative was paid \$3,200 for mowing services and \$320 for other miscellaneous repair services.

Effective January 1, 2003, the Board appointed a Clerk that is married to one of the Park Commissioners. In 2003, the District paid the Clerk \$3,000 for services rendered as Clerk and \$570 for computer and office supplies, postage, and other miscellaneous reimbursements.



**Auditor of State
Betty Montgomery**

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

Washington Township Regional Park District
Lucas County
5421 Pageland Drive
Toledo, Ohio 43611-1523

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the Washington Township Regional Park District, Lucas County, (the District), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 29, 2004. We conducted our audits 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 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 audits 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 2002-001 and 2002-002. We also noted a certain immaterial instance of noncompliance that we have reported to the District's management in a separate letter dated October 29, 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 statements and not to provide assurance on the internal control over financial reporting.

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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 the District's management in a separate letter dated October 29, 2004.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Ohio Auditor of State

October 29, 2004

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) 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 District.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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.

FINDING NUMBER 2003-001
(Continued)

- 3. Super Blanket Certificate** – The 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 extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

For forty percent of the transactions tested, prior certification was not obtained nor was a then and now certificate utilized. Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of District funds being over expended or exceeding budgetary spending limitations as set by the Council.

To improve controls over disbursements, it is recommended that all District non-payroll disbursements receive prior certification of the fiscal officer. When that is not possible, a Then and Now Certificate should be executed.

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

FINDING NUMBER 2003-002

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

In 2002, expenditures exceeded appropriations at the fund level, the legal level of control, for the general fund in the amount of \$189,196.

Failure to limit spending to only those amounts appropriated by the Board could allow expenditures to exceed available resources and create deficit fund balances.

We recommend the Board monitor budgets through-out the year in order to ensure all expenditures and encumbrances have been appropriated and to identify appropriation modifications that may be needed.

**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|--|------------------|--|
| 2001-40148-001 | Revised Code § 5705.41(D), failure to certify funds | No | Repeated as Finding 2003-001. |
| 2001-40148-002 | Revised Code 5705.41(B), expenditures exceeding appropriations | No | Repeated as Finding 2003-002. |



**Auditor of State
Betty Montgomery**

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**WASHINGTON TOWNSHIP REGIONAL PARK DISTRICT
LUCAS 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**