



**Auditor of State  
Betty Montgomery**



**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Cardington-Lincoln Joint Recreation District  
Morrow County  
P. O. Box 63  
Cardington, Ohio 43315

To the Recreation Board:

We have audited the accompanying financial statements of the Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 2001. 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.

Except as discussed in the following paragraph, 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.

Because of the inadequacies in the District's accounting records, we were unable to determine the completeness of charges for services receipts in the accompanying financial statements.

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, except for the effects of such adjustments, if any, as might have been determined necessary had charges for services receipts been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District as of December 31, 2002, and December 31, 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 22, 2003, 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.

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This report is intended solely for the information and use of the management, the Recreation Board 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 22, 2003

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$24,307	\$58,459	\$82,766
Intergovernmental Revenue	2,653	6,401	9,054
Investment Income	127	1,076	1,203
Fees	887	0	887
Charges for Services	30,970	0	30,970
Other Receipts	2,190	0	2,190
	<u>61,134</u>	<u>65,936</u>	<u>127,070</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	25,884	0	25,884
Supplies	11,325	0	11,325
Equipment	6,494	0	6,494
Contracts - Repair	352	0	352
Contracts - Services	8,681	0	8,681
Advertising and Printing	144	0	144
Debt:			
Payment of Principal	0	23,994	23,994
Payment of Interest	0	14,151	14,151
Other	2,097	1,664	3,761
	<u>54,977</u>	<u>39,809</u>	<u>94,786</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over Disbursements	6,157	26,127	32,284
Fund Cash Balances, January 1	22,721	33,470	56,191
<b>Fund Cash Balances, December 31</b>	<b><u>\$28,878</u></b>	<b><u>\$59,597</u></b>	<b><u>\$88,475</u></b>

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

**CARDINGTON LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Type</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$23,813	\$59,512	\$83,325
Intergovernmental Revenue	2,443	6,169	8,612
Grants	35,865	0	35,865
Investment Income	215	3,102	3,317
Gifts and Donations	5,000	0	5,000
Fees	780	0	780
Charges for Services	18,049	0	18,049
Other Receipts	2,556	0	2,556
	<u>88,721</u>	<u>68,783</u>	<u>157,504</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	17,297	0	17,297
Supplies	11,017	0	11,017
Equipment	4,502	0	4,502
Contracts - Repair	176	0	176
Contracts - Services	37,007	0	37,007
Advertising and Printing	420	0	420
Capital Outlay	252,772	0	252,772
Debt:			
Payment of Principal	33,365	22,755	56,120
Payment of Interest	1,840	10,813	12,653
Other	1,967	1,745	3,712
	<u>360,363</u>	<u>35,313</u>	<u>395,676</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(271,642)</u>	<u>33,470</u>	<u>(238,172)</u>
<b>Other Financing Receipts:</b>			
Proceeds from Sale of Public Debt:			
Sale of Bonds	292,190	0	292,190
	<u>292,190</u>	<u>0</u>	<u>292,190</u>
<b>Total Other Financing Receipts</b>			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	20,548	33,470	54,018
Fund Cash Balances, January 1	<u>2,173</u>	<u>0</u>	<u>2,173</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$22,721</u></b>	<b><u>\$33,470</u></b>	<b><u>\$56,191</u></b>

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



**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Cardington-Lincoln Joint Recreation District, Morrow 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 five-member Recreation Board appointed by the Board of Education of the Cardington-Lincoln Local School District and the mayor of the Village of Cardington. The District equips, operates, and maintains a park, playground and swimming pool.

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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost

**D. Fund Accounting**

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

**1. 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.

**2. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness:

The Bond Levy Fund – This fund receives proceeds from taxes levied for the repayment of bonds.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

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

**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 function 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. The District did not use the encumbrance method of accounting.

A summary of 2002 and 2001 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 District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$32,934	\$15,710
Certificates of deposit	55,541	40,481
Total deposits	<u>\$88,475</u>	<u>\$56,191</u>

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

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,851	\$61,134	(\$29,717)
Debt Service	91,428	65,936	(25,492)
Total	\$182,279	\$127,070	(\$55,209)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,381	\$54,745	\$21,636
Debt Service	39,809	39,809	0
Total	\$116,190	\$94,554	\$21,636

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$312,473	\$380,911	\$68,438
Debt Service	38,000	68,783	30,783
Total	\$350,473	\$449,694	\$99,221

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$338,459	\$360,363	(\$21,904)
Debt Service	38,000	35,313	2,687
Total	\$376,459	\$395,676	(\$19,217)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$21,904 for the year ended December 31, 2001.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Recreation Board. 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, 2002:

	Principal	Interest Rate
General Obligation Bonds	\$245,441	5.37%

The Village of Cardington issued a General Obligation Pool Renovation Bond on February 6, 2001, in the amount of \$292,190 at 5.37% for a term of ten years for the purpose of constructing and improving the swimming pool operated by the Cardington-Lincoln Joint Recreation District, furnishing and equipping the same, landscaping and improving the site.. On March 15, 2001, in consideration of the District causing the project to be made or constructed, and subject to the funding of the construction fund, to be held in the custody of the Clerk-Treasurer of the Village, through issuance of the Bonds, the Village agreed to disburse proceeds of the bonds in the above amount for the payment of costs of the project to the District. The District agreed to use the proceeds of the voted 10 year  $\frac{3}{4}$  mill levy to pay debt service on these bonds. Interest and principal payments are due semi-annually to the Village of Cardington. The Bonds are collateralized by the taxing authority of the District.

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

	General Obligation Bonds
Year ending December 31:	
2002	\$38,145
2003	38,145
2004	38,145
2005	38,145
2006	38,145
2007 – 2009	114,435
Total	\$305,160

In 2001, a Bank Note used to improve the bath house was paid in full.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

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

**6. RETIREMENT SYSTEM**

The District's part-time employees belong to Social Security. For 2002 and 2001, employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

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**Auditor of State  
Betty Montgomery**

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

Cardington Lincoln Joint Recreation District  
Morrow County  
P. O. Box 63  
Cardington, Ohio 43315

To the Recreation Board:

We have audited the accompanying financial statements of Cardington-Lincoln Joint Recreation District, Morrow County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated August 22, 2003, which noted we were unable to determine completeness of the charges for services receipts in the accompanying financial statements. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated August 22, 2003.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-003.

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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, the reportable condition described above as finding number 2002-003 is considered to be 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 District in a separate letter dated August 22, 2003.

This report is intended solely for the information and use of management, and the Recreation Board, 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 22, 2003



**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-001**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money 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:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 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.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 effective April 7, 2003) for other political subdivisions, 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 District does not certify expenditures or use purchase orders. The District does not utilize the encumbrance method of accounting.

**FINDING NUMBER 2002-002**

Ohio Rev. Code Section 5705.41 (B) states that no subdivision is to expend money unless it has been appropriated.

In 2001, expenditures exceeded appropriations in the General Fund by \$21,904.

The District experienced variances between budgeted versus actual receipts and disbursements in both 2002 and 2001. Appropriations represent the Recreation Board's authorized spending limits for specific purposes. The Board should monitor actual results against the budget to prevent deficit spending, and to enhance its understanding of the District's activities. The Board should regularly monitor actual receipts and disbursements versus the budget. If anticipated receipts fail to materialize, the Board should amend the budget. Additionally, if actual expenditures exceed appropriations or significantly fall short of budget amounts, the board should follow up as to the reasons for such variances and take appropriate action.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW 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**

The District has no formal policy on the handling and recording of money collected at the swimming pool. Although a cash register is used to collect pool admissions, concessions, and pool passes, there is no daily cash drawer reconciliation performed documenting amounts collected versus amounts that should have been collected. In addition, certain receipts and deposits were not supported by cash register tapes or other supporting documents and certain cash register tapes had faded to a level that they were not legible. These weaknesses in the cash collection process could result in money being diverted or lost without management's knowledge.

We recommend:

1. Although a cash register is used to collect receipts for pool admissions, concessions, and pool passes, a daily collection report should be maintained and reconciled to the cash register amounts at the end of each day. The daily reports should be signed by the pool manager or someone independent of the collection process.
2. Pre-numbered passes should be used for weekly, single, and family pass patrons. Also, the number of passes sold each day should be recorded on the daily collection reports and reconciled to the cash collections. A record of these pre-numbered passes should be maintained by the Clerk throughout the pool season.
3. The clerk should match the total receipts on the daily collection reports to the total deposit for the day. Any discrepancies should be investigated.
4. Written policies should be established by the Board to ensure all collection procedures are followed and understood by the employees.

**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT  
MORROW 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; <b><i>Explain:</i></b>
2000-30659-001	ORC 5705.41(D)- No certification of expenditures or use of po's	No	Reissued as finding 2002-001
2000-30695-002	ORC 5705.41(B)- Expenditures exceeded appropriations	No	Reissued as finding 2002 – 002
2000-30695-003	No formal policy on the handling and recording of swimming pool receipts. No documentation for daily collections,	No	Reissued as finding 2002 - 003





**Auditor of State  
Betty Montgomery**

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**CARDINGTON-LINCOLN JOINT RECREATION DISTRICT**

**MORROW 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 6, 2003**