



Auditor of State
Betty Montgomery

HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Holmes County Park District
Holmes County
6 South Clay Street
Millersburg, Ohio 44654

To the Board of Commissioners:

We have audited the accompanying financial statements of the Holmes County Park District, Holmes County, Ohio, (the District) as of and for the years ended December 31, 2002 and 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 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 and reserves for encumbrances of the District as of December 31, 2002 and 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 February 3, 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 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
Auditor of State

February 3, 2003

**HOLMES COUNTY PARK DISTRICT
HOLMES 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 Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:			
General property tax - real estate	\$70,946		\$70,946
Tangible personal property tax	14,915		14,915
Trailer tax settlements	615		615
Fees	15,813		15,813
Intergovernmental	8,564	\$25,000	33,564
Other	9,226		9,226
	<u>120,079</u>	<u>25,000</u>	<u>145,079</u>
Total cash receipts			
Cash disbursements:			
Current:			
Salaries - employees	37,222		37,222
Supplies	942		942
Materials	10,591		10,591
Contracts - repair	641		641
Contracts - services	12,794		12,794
Rentals	168		168
Advertising and printing	1,886		1,886
Public employees retirement	4,722		4,722
Workers' compensation	62		62
Medicare	505		505
Phone	2,000		2,000
Insurance	7,200		7,200
Other	1,586		1,586
Equipment	23,449		23,449
	<u>103,768</u>	<u>0</u>	<u>103,768</u>
Total cash disbursements			
Excess of cash receipts over cash disbursements	16,311	25,000	41,311
Fund cash balances, January 1	49,484	47,685	97,169
Fund cash balances, December 31	<u>\$65,795</u>	<u>\$72,685</u>	<u>\$138,480</u>
Reserves for encumbrances, December 31	<u>\$424</u>	<u>\$0</u>	<u>\$0</u>

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

**HOLMES COUNTY PARK DISTRICT
HOLMES 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 Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:			
General property tax - real estate	\$64,187	\$0	\$64,187
Tangible personal property tax	15,559		15,559
Trailer tax settlements	613		613
Fees	17,317		17,317
Intergovernmental	7,786		7,786
Other	4,836		4,836
	<u>110,298</u>	<u>0</u>	<u>110,298</u>
Total cash receipts			
Cash disbursements:			
Current:			
Salaries - employees	39,444		39,444
Supplies	980		980
Materials	10,073		10,073
Contracts - repair	527		527
Contracts - services	11,121	25,000	36,121
Advertising and printing	1,639		1,639
Public employees retirement	4,278		4,278
Workers' compensation	66		66
Medicare	528		528
Phone	1,965		1,965
Insurance	7,597		7,597
Other	10,123		10,123
Equipment	199		199
	<u>88,540</u>	<u>25,000</u>	<u>113,540</u>
Total cash disbursements			
Total cash receipts over/(under) cash disbursements	<u>21,758</u>	<u>(25,000)</u>	<u>(3,242)</u>
Other financing receipts/(disbursements):			
Transfers-in		20,000	20,000
Transfers-out	(20,000)		(20,000)
	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
Total other financing receipts/(disbursements)			
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	1,758	(5,000)	(3,242)
Fund cash balances, January 1	<u>47,726</u>	<u>52,685</u>	<u>100,411</u>
Fund cash balances, December 31	<u>\$49,484</u>	<u>\$47,685</u>	<u>\$97,169</u>
Reserves for encumbrances, December 31	<u>\$5</u>	<u>\$0</u>	<u>\$0</u>

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

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Holmes County Park District, Holmes 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 Park Commissioners (Board) appointed by the probate judge of Holmes County. The District maintains lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. 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 operates a recreational youth program which includes many activities for Holmes County youth. These activities include soccer, basketball, track, golf, softball, volleyball, softball, and tennis.

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

As permitted by the Ohio Revised Code, the Holmes County Treasurer holds the District's cash as custodian for the District. The District's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

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. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

Park Land and Building Fund - This fund is used to accumulate funds to develop soccer fields.

**HOLMES COUNTY PARK DISTRICT
HOLMES 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 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. Unencumbered 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. The District did not encumber all commitments required by Ohio law.

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 equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the District uses.

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY**

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

2. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,180	\$120,079	(\$38,101)
Capital Projects	47,685	25,000	(22,685)
Total	\$205,865	\$145,079	(\$60,786)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,090	\$104,192	\$31,898
Capital Projects	0	0	0
Total	\$136,090	\$104,192	\$31,898

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$153,079	\$110,298	(\$42,781)
Capital Projects	52,685	20,000	(32,685)
Total	\$205,764	\$130,298	(\$75,466)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$135,340	\$108,545	\$26,795
Capital Projects	25,000	25,000	0
Total	\$160,340	\$133,545	\$26,795

Contrary to Ohio Rev. Code Section 5705.41(D), the District did not always obtain the certification from the County Auditor prior to the expenditures of monies.

3. 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.

**HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY**

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

3. PROPERTY TAX (Continued)

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.

4. RETIREMENT SYSTEM

The District's full-time employee belongs to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2001. The District has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public officials liability.

6. CONTINGENT LIABILITIES

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



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

Holmes County Park District
Holmes County
6 South Clay Street
Millersburg, Ohio 44654

To the Board of Commissioners:

We have audited the accompanying financial statements of the Holmes County Park District, Holmes County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 3, 2003. 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 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 audits and, accordingly, we do not express such an opinion. However, 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 2002-60938-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 3, 2003.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 February 3, 2003.

Holmes County Park District
Holmes 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

February 3, 2003

HOLMES COUNTY PARK DISTRICT
HOLMES COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-60938-001

Noncompliance

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereto.

This section also provides for two "exceptions" to the above requirement:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Park Commissioners may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the County Auditor may authorize payment through a Then and Now Certificate without affirmation of the Board of Park Commissioners, if such expenditure is otherwise valid.

The District incurred obligations before receiving certification from the County Auditor that funds were available during both 2002 and 2001 for 60% and 80% of the expenditures tested respectively. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The District should obtain the required certification from the County Auditor prior to the expenditure of monies.

**HOLMES COUNTY PARK DISTRICT
HOLMES 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; <i>Explain:</i>
2000-60938-001	Ohio Rev. Code 5705.41(D) – For 92% transactions tested, the District did not obtain certification from the County Auditor prior to incurring the obligation.	No	Not corrected. Reported as Finding Number 2002-60938-001.



**Auditor of State
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HOLMES COUNTY PARK DISTRICT

HOLMES 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
MARCH 20, 2003**