



**Auditor of State
Betty Montgomery**

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Miami County Park District
Miami County
2535 East Ross Road
Tipp City, Ohio 45371

To the Board of Commissioners:

We have audited the accompanying financial statements of the Miami Park District (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 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 statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Miami County Park 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 June 20, 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.

This report is intended solely for the information and use of the audit committee, management, 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

June 20, 2003

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
General Property Tax - Real Estate	\$1,504,963			\$1,504,963
Tangible Personal Property Tax	328,775			328,775
Grants	198,921			198,921
Intergovernmental	287,673			287,673
Investment Income	17,856			17,856
Gifts and Donations	38,827		20,000	58,827
Fees	520			520
Sales	5,375			5,375
	<u>2,382,910</u>		<u>20,000</u>	<u>2,402,910</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries - Employees	516,887			516,887
Supplies	65,928			65,928
Equipment	82,176			82,176
Contracts - Repair	20,034			20,034
Contracts - Services	118,254		1,000	119,254
Rentals	17,665			17,665
Advertising and Printing	1,260			1,260
Travel	13,653			13,653
Public Employees Retirement	76,926			76,926
Other	276,714			276,714
Capital Outlay	255,275	112,500		367,775
	<u>1,444,772</u>	<u>112,500</u>	<u>1,000</u>	<u>1,558,272</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>938,138</u>	<u>(112,500)</u>	<u>19,000</u>	<u>844,638</u>
Other Financing Receipts/(Disbursements):				
Other Sources	918			918
Transfer-In		112,500		112,500
Transfer-Out	(112,500)			(112,500)
	<u>(111,582)</u>	<u>112,500</u>		<u>918</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	826,556		19,000	845,556
Fund Cash Balances, January 1	<u>569,887</u>		<u>20,000</u>	<u>589,887</u>
Fund Cash Balances, December 31	<u>\$1,396,443</u>	<u>\$0</u>	<u>\$39,000</u>	<u>\$1,435,443</u>
Reserves for Encumbrances, December 31	<u>\$97,454</u>	<u>\$0</u>	<u>\$0</u>	<u>\$97,454</u>

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

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

	<u>General</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
General Property Tax - Real Estate	\$520,815		\$520,815
Tangible Personal Property Tax	145,790		145,790
Grants	57,245		57,245
Intergovernmental	136,583		136,583
Investment Income	17,708		17,708
Gifts and Donations	43,535	20,000	63,535
Fees	275		275
Sales	5,359		5,359
	<u>927,310</u>	<u>20,000</u>	<u>947,310</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries - Employees	475,098		475,098
Supplies	83,422		83,422
Equipment	7,356		7,356
Contracts - Repair	12,483		12,483
Contracts - Services	118,627		118,627
Rentals	14,105		14,105
Advertising and Printing	468		468
Travel	13,401		13,401
Public Employees Retirement	69,424		69,424
Other	152,644		152,644
	<u>947,028</u>	<u>20,000</u>	<u>947,028</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(19,718)</u>	<u>20,000</u>	<u>282</u>
Other Financing Receipts:			
Other Sources	9,455		9,455
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,263)	20,000	9,737
Fund Cash Balances, January 1	<u>580,150</u>	<u>20,000</u>	<u>580,150</u>
Fund Cash Balances, December 31	<u>\$569,887</u>	<u>\$20,000</u>	<u>\$589,887</u>
Reserves for Encumbrances, December 31	<u>\$69,377</u>	<u>\$0</u>	<u>\$69,377</u>

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

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Miami County Park District, Miami 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 Miami County. The District acquires 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'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 Miami 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. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

Land and Water Conservation Grant - This fund accounts for all receipt and expenditure activity associated the land and water conservations grant.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Trust Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. Funds for which the District is acting in an agency capacity are classified as agency funds. The District had the following significant fiduciary fund:

Hobart Urban Nature Preserve Trust - This fund receives \$20,000 per year over a five-year period starting in 2001 for the Hobart Urban Nature Preserve.

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, 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. 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 unencumbered 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 carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 2.

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.

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.

**MIAMI COUNTY PARK DISTRICT
MIAMI 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	\$2,427,406	\$2,383,828	(\$43,578)
Special Revenue	112,500	112,500	0
Expendable Trust	20,000	20,000	0
Total	\$2,559,906	\$2,516,328	(\$43,578)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,973,065	\$1,654,726	\$318,339
Special Revenue	112,500	112,500	0
Expendable Trust	1,000	1,000	0
Total	\$2,086,565	\$1,768,226	\$318,339

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$953,186	\$936,765	(\$16,421)
Expendable Trust	0	20,000	20,000
Total	\$953,186	\$956,765	\$3,579

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,144,532	\$1,016,405	\$128,127

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 payment, 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.

**MIAMI COUNTY PARK DISTRICT
MIAMI 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 employees belong 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. The District has paid all contributions required through December 31, 2002.

5. RISK POOL MEMBERSHIP

The Government belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

5. RISK POOL MEMBERSHIP

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

**MIAMI COUNTY PARK DISTRICT
MIAMI COUNTY**

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

5. RISK POOL MEMBERSHIP (Continued)

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$20,174,977	\$19,358,458
Liabilities	<u>(8,550,749)</u>	<u>(8,827,588)</u>
Retained earnings	\$11,624,228	\$10,530,870

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$2,565,408	\$1,890,323
Liabilities	<u>(655,318)</u>	<u>(469,100)</u>
Retained earnings	\$1,910,090	\$1,421,223

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal 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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Auditor of State Betty Montgomery

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

Miami County Park District
Miami County
2535 East Ross Road
Tipp City, Ohio 45371

To the Board of Commissioners:

We have audited the accompanying financial statements of Miami County Park District (the District) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 20, 2003. 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 2002-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 20, 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. 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 conditions are described in the accompanying schedule of findings as items 2002-002 and 2002-003.

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**Internal Control Over Financial Reporting
(Continued)**

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. However, we do not believe the reportable conditions described above are material weaknesses. 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 June 20, 2003.

This report is intended solely for the information and use of the audit committee, 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.



Betty Montgomery
Auditor of State

June 20, 2003

**MIAMI COUNTY PARK DISTRICT
MIAMI 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 2002-001

Non-Compliance Citation

Approval of Voucher with Sums in Excess of \$500

According to Bylaw III of the Miami County Park District (Resolution 11-76), vouchers with sums in excess of \$500 may not be certified by the Director without "prior" Board Approval. Thirty two percent of tested vouchers in excess of \$500 were either approved by the board "after" the voucher payment date or not approved at all; therefore these vouchers were certified by the Director without the required approval. This resulted in unauthorized expenditures of District funds. The District should submit the applicable vouchers for Board-approval in accordance with their Bylaws.

FINDING NUMBER 2002-002

Reportable Condition

Time Sheet Approval and Vacation Balances

We noted the following deficiencies in the approval process of time cards and the accrual of vacation balances. These deficiencies could result in the unauthorized expenditure of District funds.

a. Time Card Approval

For internal control over payroll transactions the District should address the following conditions:

- Thirty time cards were not approved by Supervisor or Director.
- Eighty-two time cards were not signed by the applicable employee.

Properly approved time cards can serve as an internal control in the processing of payroll transactions. All time cards should be properly approved by a supervisor, as well as signed by the applicable employee. This approval serves as documentation of the authenticity of the time cards.

b. Accrual of Vacation Leave

For internal control over leave usage the District should address the following condition:

At December 31, 2001, an employee had a negative vacation leave balance. This negative balance continued until the pay period ending February 15, 2002.

All leave balances should be accurately recorded and updated with each payroll. Employees should not use leave prior to when earned.

FINDING NUMBER 2002-003

Reportable Condition

Minutes

The record of proceedings are the official record of action taken by the Board and should reflect all pertinent information approved by the Board. We noted the following deficiencies concerning the record of proceedings:

- a. In fiscal year 2001, donations totaling \$35,050 were not reflected in the record of proceedings.
- b. The Board adopted Resolution 393-02 authorizing the Director to purchase land on 25-A / Eldean Road with funds appropriated for the bikeway. There was no documented dollar threshold in the resolution or anywhere else in the record of proceedings.

To assure that the transactions performed by the Park District are in accordance with the intent of the Board, the record of proceedings should reflect all pertinent decisions including donations and dollar thresholds.

**MIAMI COUNTY PARK DISTRICT
MIAMI 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>
2000-60355-001	Finding for recovery for illegally-expended public monies. Payroll overpayment.	Yes	
2000-60355-002	Finding for recovery for illegally-expended public monies. Payroll overpayment.	Yes	
2000-60355-003	Failure to maintain a cashbook.	Yes	
2000-60355-004	Vacation balances accrued, contrary to District policy.	No	Partially corrected, uncorrected areas addressed in finding number 2002-002.
2000-60355-005	Incomplete Minutes.	No	Partially corrected, uncorrected areas addressed in finding number 2002-003.
2000-60355-006	Failure to use Purchase Request Forms.	Yes	
2000-60355-007	Improve controls over Credit Cards.	Yes	



**Auditor of State
Betty Montgomery**

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MIAMI COUNTY PARK DISTRICT

MIAMI 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
SEPTEMBER 4, 2003**