

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Audited Financial Statements
For the years ended December 31, 2002 and 2003**



**Auditor of State
Betty Montgomery**

Board of Trustees
Lawrence Township Joint Recreation District
P. O. Box 100
Bolivar, Ohio 44612

We have reviewed the Independent Auditor's Report of the Lawrence Township Joint Recreation District, Tuscarawas County, prepared by Malecki & Co., for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lawrence Township Joint Recreation District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 25, 2004

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**Lawrence Township Joint Recreation District
Tuscarawas County**

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Lawrence Township Joint Recreation District
Tuscarawas County
PO Box 100
Bolivar, OH 44612

REPORT OF INDEPENDENT ACCOUNTANT

To the Board of Trustees:

I have audited the accompanying financial statements of the Lawrence Township Joint Recreational District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2003. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note A, 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 accounting principles generally accepted in the United States of America.

In my 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 2003, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, I have also issued my report dated May, 21 2004, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Code Sec.117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Malecki & Co.
May 21, 2004

**Lawrence Township Joint Recreation District
Tuscarawas County**

**General Fund
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance
For the years ending December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Cash Receipts		
Local taxes	\$ 29,027	\$ 28,475
Interest	42	48
Intergovernmental	3,364	3,290
Pool	38,736	21,625
Concession	7,530	8,520
Miscellaneous	<u>5,446</u>	<u>16,320</u>
Total Cash Receipts	84,145	78,278
 Cash Disbursements		
Salaries & benefits	32,227	28,307
Administrative supplies & equipment	7,332	29,586
Auditor fees	1,550	538
Pool supplies & equipment	4,103	3,855
Concession supplies & equipment	4,347	6,305
Maintenance supplies & equipment	14,979	2,998
Utilities	7,493	6,457
Miscellaneous	<u>6,328</u>	<u>424</u>
Total Cash disbursements	<u>78,359</u>	<u>78,470</u>
 Total Cash Receipts Over/<Under> Cash Disbursements	 5,786	 (192)
 Fund cash balances, January 1	 <u>2,011</u>	 <u>2,203</u>
 Fund Cash Balances, December 31	 <u>\$ 7,797</u>	 <u>\$ 2,011</u>
 Reserves for encumbrances, December 31	 <u>\$ 0</u>	 <u>\$ 0</u>

See accompanying notes to financial statements.

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2002 and 2003**

A. Summary of Significant Accounting Policies

1. Description of the Entity

The Lawrence Township Joint Recreation District, Tuscarawas 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 seven member Board of Trustees appointed by the Villages of Bolivar, Zoar and Lawrence Township. The District provides maintenance and supervision of leisure time activities within Lawrence Township.

The District's management believes these financial statements present all activities for which the District is financially accountable.

2. 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. Under the cash receipts and disbursements method of accounting revenues are recognized when cash is received rather than when earned. Expenses are recognized when cash is disbursed rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

3. Cash

During 2002 and 2003 all District funds were maintained in interest bearing checking accounts.

4. Fund Accounting

The District uses fund accounting to segregate funds that are restricted as to use. The *General Fund* is the only operating fund of the district. It is used to account for all financial resources.

5. Budgetary Process

The Ohio Revised Code requires the General Fund to be budgeted annually.

a. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the Annual Appropriation Measure. Appropriations lapse at year end.

b. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2002 and 2003
(Continued)**

A. Summary of Significant Accounting Policies (continued)

c. 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 2003 budgetary activity appears in Note C.

6. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlay) when paid. These items are not reflected as assets in the financial statements.

B. Cash

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of cash at December 31, 2002 and 2003 was \$2,014 and \$7,800, respectively. District monies were maintained in demand deposit accounts.

Deposits are insured by the Federal Depository Insurance Corporation.

C. Budgetary Activity

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

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$78,230	\$78,278	\$48

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 80,435	\$ 78,467	\$1,968

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2002 and 2003
(Continued)**

C. Budgetary Activity (Continued)

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 90,225	\$ 84,145	(\$ 6,080)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 86,490	\$ 78,359	\$8,131

D. Grants and Gifts

During 2002 the government applied for, and was granted, \$ 13,950 from The Reeves Foundation and the Tuscarawas County Community Foundation (both local philanthropical foundations) for purposes of acquiring playground equipment. In 2002 \$14,990 was used to acquire the additional playground equipment.

E. Sale of Land

In 2003 the Board of Trustees approved the sale of a .78 acre parcel of land owned by the district. The sale realized \$19,620, net of associated selling costs.

F. Property Tax

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

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.

G. Retirement System

All 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Notes to Financial Statements
December 31, 2002 and 2003
(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2003, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2003. The District has paid all contributions required through December 31, 2003.

H. Risk Management

The District obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public official's liability

Lawrence Township Joint Recreation District
Tuscarawas County
P.O. Box 100
Bolivar, Ohio 44612

**Report of Independent Accountants on Compliance and on Internal Control Required by
Government Auditing Standards**

To the Board of Trustees:

I have audited the financial statements of the Lawrence Township Joint Recreation District, Tuscarawas County, Ohio, (the District) as of and for the years ended December 31, 2002 and 2003, and have issued my report thereon dated May 21, 2004. I conducted my 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, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

However, I noted certain matters involving internal control that do not require inclusion in this report, that I have reported to management of the District in a separate letter dated May 21, 2004.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Malecki & Co.
May 21, 2004

**Lawrence Township Joint Recreation District
Tuscarawas County**

**Schedule of Prior Audit Findings
For the years ended December 31, 2002 and 2003**

Lawrence Township Joint Recreation District
 Tuscarawas County

Schedule of Prior Audit Findings
 December 31, 2002 and 2003

Finding Number	Finding Summary	Fully Corrected?	Not corrected, partially corrected significantly different action taken; or finding no longer valid; explain
2001-41279-001	District did not adopt an annual tax budget on or before July 1 of the preceding year in accordance with Ohio Rev. Code Section 5705.28	Yes	Corrected. Lack of experience and expertise at the Clerk position resulted in instances of noncompliance in 2002 with governmental budgetary and accounting procedures. A change in the position on 1/1/03 corrected this condition. Finding is no longer valid.
2001-41279-002	The District did not adopt a temporary appropriation measure to meet ordinary expenses on or about the first day of the fiscal year in accordance with Ohio Rev. Code Section 5705.38	Yes	Corrected. Lack of experience and expertise at the Clerk position resulted in instances of noncompliance in 2002 with governmental budgetary and accounting procedures. A change in the position on 1/1/03 corrected this condition. Finding is no longer valid.
2001-41279-003	Certain expenditures were not certified by the Clerk/Treasurer or not certified by the Clerk/Treasurer prior to incurring the obligation. Ohio Rev. Code Section 2705.41(D)	Yes	Corrected. Lack of experience and expertise at the Clerk position resulted in instances of noncompliance in 2002 with governmental budgetary and accounting procedures. A change in the position on 1/1/03 corrected this condition. Finding is no longer valid.
2001-41279-004	The District did not file required reports for fiscal year 2000 and 2001 with the Auditor of state within 60 days of the fiscal year end. Ohio Rev. Code Section 17.38	Yes	Corrected. Lack of experience and expertise at the Clerk position resulted in instances of noncompliance in 2002 with governmental budgetary and accounting procedures. A change in the position on 1/1/03 corrected this condition. Finding is no longer valid.

The District, during 2000 and 2001, experienced a weakness in its computer control environment resulting from the use of inconsistent software programs and high turnover in the Clerk/Treasurer position. AOS recommended that the District acquire a personal computer and appropriate software for the exclusive use of the District.

Yes

Significantly different action taken. In January 2003 the Board hired a Clerk with significant experience in governmental accounting who also is a CPA and sole practitioner of public accounting. The Clerk maintains the books of account of the District on a personal computer as part of her practice and uses a general ledger software program that is in common public use. On a monthly basis, the Clerk provides the Board of Trustees with a complete back up of District financial information. Finding is no longer valid.



**Auditor of State
Betty Montgomery**

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LAWRENCE TOWNSHIP JOINT RECREATION DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2004**