



**Auditor of State
Betty Montgomery**

**MEAD TOWNSHIP PARK DISTRICT
BELMONT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mead Township Park District
Belmont County
536 West 42nd Street
Shadyside, Ohio 43947

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mead Township Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Mead Township Park District, Belmont County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and 2004, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

September 11, 2006

Mead Township Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

This discussion and analysis of the Mead Township Park District's financial performance provides an overall review of the District's financial activities for the years ended December 31, 2005 and December 31, 2004, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2004 and 2005 are as follows:

Net assets of governmental activities decreased \$3,153, or 21.8 percent, and increased \$7,161 or 97 percent in 2005 and 2004, respectively.

The District's general receipts are intergovernmental. These receipts represent 100 percent of the total cash received for governmental activities during 2004, and 51% during 2005. Intergovernmental receipts for 2005 increased less than 1 percent. For 2005, the District received a Nature Works grant reimbursement for the construction of a basketball court.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. The District's major fund is the General Fund. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Mead Township Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the District performed financially during 2004 and 2005, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the District at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include intergovernmental grants and contributions restricted to meeting the operational or capital requirements of a particular program. The comparison of cash disbursements with program receipts identifies how the governmental activity draws from the District's program receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, one may consider these changes as one way to examine the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or not.

In the Statement of Net Assets and the Statement of Activities, the District has a single type of activity:

Governmental activities. The District's programs and basic services are reported here, including purchased and contracted services and capital outlay. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its activities and to help demonstrate that restricted money is being spent for the intended purpose. All of the District's activities are reported in governmental funds, focusing on how the money flows into and out of the fund, as well as balances available for spending in future periods. The funds are reported using the cash basis of accounting. The governmental fund financial statements provide a short-term view of the District's general government operations. The District's major governmental fund is the General Fund.

Table 1 provides a summary of the District's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$11,320	\$14,473
Total Assets	\$11,320	\$14,473
Net Assets		
Unrestricted	\$11,320	\$14,473
Total Net Assets	\$11,320	\$14,473

Mead Township Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The District as a Whole

As mentioned previously, net assets of governmental activities decreased \$3,153 or 21.8 percent from 2004 to 2005. The primary reason contributing to the decreases in cash balances was the construction of the basketball court.

Table 2 reflects the changes in net assets in 2004 and 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Change
Receipts:			
Program Receipts:			
Charges for Services	\$3,760	\$	#VALUE!
Operating Grants and Contributions	20,000	0	20,000
Capital Grants and Contributions	7,500		7,500
Total Program Receipts	31,260	0	#VALUE!
General Receipts:			
Intergovernmental Receipts	32,022	32,011	11
Miscellaneous Receipts	95		95
Total General Receipts	32,117	32,011	106
Total Receipts	63,377	32,011	31,366
Disbursements:			
Utilities	2,247	2,030	217
Contract Services	7,186	5,700	1,486
Material and Supplies	518	494	24
Insurance	2,700	2,300	400
Repairs	9,410	4,879	4,531
Capital Outlay	24,701	9,054	15,647
Summer Camp	19,768	393	19,375
Total Disbursements	66,530	24,850	41,680
Increase (Decrease) in Net Assets	(\$3,153)	\$7,161	(\$10,314)

General receipts represent 51 percent of the District's total receipts in 2005 and 100 percent in 2004. Since these monies are provided by the county, it can be seen how any decreases in this funding source could have a substantial impact on the services of the District.

Disbursements for the General Government represent the overhead costs of running the District.

The District's Funds

The District's governmental fund financial statements are accounted for using the cash basis of accounting. The District's major governmental fund is the General Fund. A review of the fund indicates a relatively small change in fund balance from year to year.

Mead Township Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The District's only budgeted fund is the General Fund.

Capital Assets

The District does not currently keep track of its capital assets and infrastructure.

Current Issues

An issue for the District is to provide quality services to the public while staying within the restrictions imposed by limited or shrinking funding. With no paid staffing, it is a challenge for the District to meet all applicable ORC requirements related to its functioning. The District relies heavily on the volunteers who serve as Park Commissioners to govern the District.

Contacting the Government's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Timothy A. Merryman, Joseph W. Sedinger, or Bob Doris, Park Commissioners, 536 W. 42nd Street, Shadyside, Ohio 43947.

Mead Township Park District, Belmont County

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$11,320</u>
<i>Total Assets</i>	<u><u>\$11,320</u></u>
Net Assets	
Unrestricted	<u>\$11,320</u>
<i>Total Net Assets</i>	<u><u>\$11,320</u></u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Recreational Activities:					
Utilities	\$2,247	\$2,000	\$	\$	(\$247)
Contract Services	7,186				(7,186)
Material and Supplies	518				(518)
Insurance	2,700				(2,700)
Repairs	9,410				(9,410)
Capital Outlay	24,701			7,500	(17,201)
Summer Camp	19,768	1,760	20,000		1,992
<i>Total Governmental Activities</i>	<u>\$66,530</u>	<u>\$3,760</u>	<u>\$20,000</u>	<u>\$7,500</u>	<u>(35,270)</u>
General Receipts					
					32,022
					95
					<u>32,117</u>
					(3,153)
					<u>14,473</u>
					<u>\$11,320</u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$11,320</u>
<i>Total Assets</i>	<u><u>\$11,320</u></u>

Fund Balances

Unreserved:	
Undesignated, Reported in:	
General Fund	<u>\$11,320</u>
<i>Total Fund Balances</i>	<u><u>\$11,320</u></u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General
Cash Receipts	
Intergovernmental	\$59,522
Charges for Services	3,760
Other	95
	63,377
<i>Total Receipts</i>	<i>63,377</i>
Disbursements	
Current:	
Utilities	2,247
Contract Services	7,186
Material and Supplies	518
Insurance	2,700
Repairs	9,410
Capital Outlay	24,701
Summer Camp	19,768
	66,530
<i>Total Disbursements</i>	<i>66,530</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(3,153)</i>
<i>Fund Balances Beginning of Year</i>	<i>14,473</i>
<i>Fund Balances End of Year</i>	<i>\$11,320</i>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 General Fund
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Government Contributions	\$32,000	\$52,000	\$59,522	\$7,522
Charges for Services		3,760	3,760	0
Other		95	95	0
<i>Total Receipts</i>	<u>32,000</u>	<u>55,855</u>	<u>63,377</u>	<u>7,522</u>
Disbursements				
Current:				
Utilities	2,247	2,247	2,247	0
Contract Services	8,953	6,903	7,186	(283)
Material and Supplies	600	600	518	82
Insurance	2,300	2,700	2,700	0
Repairs	12,000	12,000	9,410	2,590
Capital Outlay	17,000	18,600	24,701	(6,101)
Summer Camp		20,000	19,768	232
<i>Total Disbursements</i>	<u>43,100</u>	<u>63,050</u>	<u>66,530</u>	<u>(3,480)</u>
<i>Net Change in Fund Balance</i>	(11,100)	(7,195)	(3,153)	4,042
<i>Fund Balance Beginning of Year</i>	<u>14,473</u>	<u>14,473</u>	<u>14,473</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,373</u>	<u>\$7,278</u>	<u>\$11,320</u>	<u>\$4,042</u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County

Statement of Net Assets - Cash Basis

December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,473</u>
<i>Total Assets</i>	<u><u>\$14,473</u></u>
Net Assets	
Unrestricted	<u>\$14,473</u>
<i>Total Net Assets</i>	<u><u>\$14,473</u></u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
Statement of Activities - Cash Basis
 For the Year Ended December 31, 2004

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Recreational Activities:					
Utilities	\$2,030				(\$2,030)
Contract Services	5,700				(5,700)
Material and Supplies	494				(494)
Insurance	2,300				(2,300)
Repairs	4,879				(4,879)
Capital Outlay	9,054				(9,054)
Other	393				(393)
<i>Total Governmental Activities</i>	<u>\$24,850</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(24,850)</u>
General Receipts					
					32,011
					32,011
					7,161
					7,312
					<u>\$14,473</u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$14,473</u>
<i>Total Assets</i>	<u><u>\$14,473</u></u>

Fund Balances

Unreserved:	
Undesignated, Reported in:	
General Fund	<u>\$14,473</u>
<i>Total Fund Balances</i>	<u><u>\$14,473</u></u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	<u>General</u>
Cash Receipts	
Intergovernmental	\$32,011
<i>Total Receipts</i>	<u>32,011</u>
Disbursements	
Current:	
Utilities	2,030
Contract Services	5,700
Material and Supplies	494
Insurance	2,300
Repairs	4,879
Capital Outlay	9,054
Other	393
<i>Total Disbursements</i>	<u>24,850</u>
<i>Net Change in Fund Balances</i>	7,161
<i>Fund Balances Beginning of Year</i>	<u>7,312</u>
<i>Fund Balances End of Year</i>	<u>\$14,473</u>

See accompanying notes to the basic financial statements.

Mead Township Park District, Belmont County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 General Fund
 For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Local Government Contributions	\$32,000	\$32,000	\$32,011	\$11
<i>Total Receipts</i>	<u>32,000</u>	<u>32,000</u>	<u>32,011</u>	<u>11</u>
Disbursements				
Current:				
Utilities	2,030	2,030	2,030	0
Contract Services	5,900	5,900	5,700	200
Material and Supplies	600	600	494	106
Insurance	2,400	2,400	2,300	100
Repairs	15,000	15,000	4,879	10,121
Capital Outlay	10,000	10,000	9,054	946
Other	2,670	2,670	393	2,277
<i>Total Disbursements</i>	<u>38,600</u>	<u>38,600</u>	<u>24,850</u>	<u>13,750</u>
<i>Net Change in Fund Balance</i>	(6,600)	(6,600)	7,161	13,761
<i>Fund Balance Beginning of Year</i>	<u>7,312</u>	<u>7,312</u>	<u>7,312</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$712</u>	<u>\$712</u>	<u>\$14,473</u>	<u>\$13,761</u>

See accompanying notes to the basic financial statements.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Description of the Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mead Township Park District, Belmont County (the District), as a body corporate and politic. The probate judge of Belmont County appoints a three-member Board of Commissioners to govern the District. The District leases property from Mayflower Vehicle Systems, Inc. for one dollar annually to operate certain recreational facilities (ballfields) within Mead Township.

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included to assure that the basic financial statements are not misleading. The primary government of the District consists of all funds that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent upon the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units. The District participates in Public Entities Pool of Ohio ("PEP"). Note 7 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements which have been applied to the extent they are applicable to the cash basis of accounting. Following are the most significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements: The statement of net assets and the statement of activities display information about the District as a whole.

The Statement of Net Assets presents the cash balance of the governmental activities of the District at year end. The Statement of Activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The District only uses governmental fund types.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following is the District's major governmental fund:

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. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriation resolution is the District's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the District. The legal level of control has been established by the District at the fund/function level.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Data (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Park Commissioners. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

E. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District does not have restricted assets.

F. Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District had no restricted resources.

The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. The District did not establish fund balance reserves.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

For 2003 the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2004 and 2005, the District has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column, rather than a column for each fund type.

Note 4 - Compliance

Contrary to Ohio Rev. Code Section 5705.41(D), the District did not properly obtain prior certification before incurring an obligation.

Contrary to Ohio Admin. Code Section 117-2-02, the District did not maintain adequate financial and budgetary records during 2004.

Note 5 - Grants and Receipts

The primary source of revenue for the Mead Township Park District is contributions from other governmental entities, such as Belmont County. In 2005, an ODNR Grant payment was received for the purpose of constructing a basketball court.

Note 6 – Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Park District have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 6 - Deposits and Investments (Continued)

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

The District does not currently participate in any investment programs.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 – Risk Management

The District is exposed to various risks of property and casualty losses.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 7 – Risk Management (Continued)

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage 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.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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 District.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Mead Township Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 7 – Risk Management (Continued)

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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The District's share of these unpaid claims is approximately \$5,400.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Mead Township Park District
Belmont County
536 West 42nd Street
Shadyside, Ohio 43947

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities and each major fund of the Mead Township Park District, Belmont County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 11, 2006, wherein we noted the District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 in order to express our opinions on the basic financial statements and not to opine 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 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 management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2005-002.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe reportable condition 2005-002 listed above to be a material weakness. In a separate letter to the District's management dated September 11, 2006, we reported an other matter involving internal control over financial reporting which we did not deem a reportable condition.

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Compliance and Other Matters

As part of reasonably assuring whether the District's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002. In a separate letter to the District's management dated September 11, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, and the Board of Park Commissioners. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 11, 2006

MEAD TOWNSHIP PARK DISTRICT
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made 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:

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 receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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 not exceeding an amount established by resolution or ordinance of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. (Prior to September 23, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificate 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. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

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. No more than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District Clerk did not certify the availability of funds (purchase orders) for 100% of the expenditures in 2004. Purchase orders were issued by the Park District Clerk in 2005, however, they were issued on the same day or after the obligation date. In addition, the purchase orders issued in 2005 were not certified under an appropriation line-item amount.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s funds exceeding budgetary spending limitations, we recommend that the Clerk certify that funds are or will be available prior to obligation by the District. When prior certification is not possible, “then and now” certification should be used.

**MEAD TOWNSHIP PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2005-001 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the District certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 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 Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials Response:

The officials declined to respond to this finding.

FINDING NUMBER 2005-002

Noncompliance Citation/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Admin. Code Section 117-2-02(C) provides suggested systems and documents that may be used to effectively maintain the accounting and budgetary records of the local public office:

- 1) The District should integrate the budgetary accounts, at the legal level of control, into the accounting system. The legal level of control is established by the level at which the legislative body appropriates.
- 2) Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation accounts. Purchase orders are not effective unless the fiscal officer's certificate is attached.
- 3) Vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation. Each voucher shall contain the date, purchase order number, the line item to be charged, amount and approval.

Ohio Admin. Code Section 117-2-02(D) provides that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- 1) Cash journal, which typically contains the following information: the amount, date, receipt number, check number, line item, and purchase order number.
- 2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt. The amount, date, name of payor, purpose, and receipt number can be recorded in this ledger.
- 3) Appropriation ledger, which may assemble and classify disbursements or expenditures into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, line item, date, check number, purchase order number, encumbrance amount, unencumbered balance, and amount of disbursement can be recorded in this ledger.

**MEAD TOWNSHIP PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2005-002 (Continued)

Noncompliance Citation/Material Weakness - Ohio Admin. Code Section 117-2-02(D) (Continued)

The District did not maintain proper accounting and budgetary records during 2004. During January of 2005, the District implemented the use of purchase orders and maintained a cash journal. Also in 2005, the District maintained a worksheet that reflected appropriations and disbursements.

We recommend the District use the aforementioned accounting and budgeting records to provide ongoing and timely information. These documents will provide the District Board with information required to monitor compliance with the budget, and will help prepare annual reports in the format required by the Auditor of State.

Officials Response:

The officials declined to respond to this finding.

**MEAD TOWNSHIP PARK DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.	No	Partially Corrected; Reissued as Finding No. 2005-001. The District began issuing purchase orders in 2005, however, they were not issued against an appropriation amount.
2003-002	Ohio Rev. Code Section 5705.38 provides that, on or about the first day of each year, the taxing authority shall pass an appropriation resolution.	No	Partially Corrected; Reissued in letter to management. The appropriation resolutions were adopted for 2004 and 2005 however, 2005 was not adopted until late April.
2003-003	Ohio Rev. Code Section 5705.41 (B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.	No	Partially Corrected; Reissued in letter to management. Appropriation resolutions were adopted for 2004 and 2005. No line-items were noncompliant in 2004, and minimal noncompliance in 2005.
2003-004	Ohio Admin. Code Section 117-2-02 requires the District to maintain an adequate accounting system and accounting records.	No	Partially Corrected; Reissued as Finding No. 2005-002.
2003-005	Material weakness for inadequate voucher packages.	No	Finding No Longer Valid.
2003-006	Material weakness for not performing bank reconciliations.	Yes	N/A.
2003-007	Reportable condition for inadequate segregation of duties.	Yes	N/A.



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MEAD TOWNSHIP PARK DISTRICT

BELMONT 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
OCTOBER 10, 2006**