FIVE RIVERS METROPARKS
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Mary Taylor, CPA
Auditor of State

FIVE RIVERS METRO PARKS
MONTGOMERY COUNTY

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Mary Taylor, CPA
Auditor of State

Five Rivers MetroParks
Montgomery County
1375 East Siebenthaler Avenue
Dayton, Ohio 45414

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2007

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INDEPENDENT ACCOUNTANTS' REPORT

Five Rivers MetroParks
Montgomery County
1375 East Siebenthaler Avenue
Dayton, Ohio 45414

To the Board of Commissioners:

We have audited the accompanying financial statements of the Five Rivers MetroParks, Montgomery County, (the MetroParks) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the MetroParks'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 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 opinion.

As described more fully in Note 1, the MetroParks has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the MetroParks to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the MetroParks does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The MetroParks has elected not to reformat its statements. Since this MetroParks does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the MetroParks as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

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Also, 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 Five Rivers MetroParks, Montgomery County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the MetroParks to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The MetroParks has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2007, on our consideration of the MetroParks'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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2007

FIVE RIVERS METRO PARKS
MONTGOMERY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Type			
	General	**Special Revenue**	**Capital Projects**	**Totals (Memorandum Only)**
Cash Receipts:				
General Property Tax - Real Estate	$13,004,964			$13,004,964
Tangible Personal Property Tax	1,388,201			1,388,201
Grants	528,908			528,908
Investment Income	966,792	$4,308		971,100
Gifts and Donations	297,378	500		297,878
Intergovernmental Receipts	2,632,314	70,000		2,702,314
Sales	15,030			15,030
Contracts - Services	1,090			1,090
Change in Market Value		22,895		22,895
Other Receipts	12,455	7,477		19,932
Total Cash Receipts	18,847,132	105,180		18,952,312
Cash Disbursements:				
Current:				
Salaries - Employees	7,984,766			7,984,766
Supplies	320,092	28,835		348,927
Materials	733,095			733,095
Equipment	984,143			984,143
Contracts - Services	1,398,195	242,526		1,640,721
Rentals	185,923	52,575		238,498
Advertising and Printing	576,023	9,090		585,113
Travel	129,617			129,617
Public Employees Retirement	996,589			996,589
Workers' Compensation	276,858			276,858
Unemployment Compensation	9,137			9,137
Capital Outlay	2,435,166		$749,989	3,185,155
Foundation Fee		1,166		1,166
Grants Paid	268,149	202,861		471,010
Other	1,250,908			1,250,908
Total Cash Disbursements	17,548,661	537,053	749,989	18,835,703
Total Receipts Over/(Under) Disbursements	1,298,471	(431,873)	(749,989)	116,609
Other Financing Receipts/(Disbursements):				
Transfers-In		350,000	3,026,154	3,376,154
Transfers-Out	(3,382,654)			(3,382,654)
Reimbursements	271,007	8,118		279,125
Refunds	19,602			19,602
Other Sources	40,190			40,190
Total Other Financing Receipts/(Disbursements)	(3,051,855)	358,118	3,026,154	332,417
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,753,384)	(73,755)	2,276,165	449,026
Fund Cash Balances, January 1	23,765,058	386,437	767,476	24,918,971
Fund Cash Balances, December 31	**$22,011,674**	**$312,682**	**$3,043,641**	**$25,367,997**
Reserves for Encumbrances, December 31	$0	$0	$12,285	$12,285

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

FIVE RIVERS METRO PARKS
MONTGOMERY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Fees	$2,047
Sales	61,047
Miscellaneous	1,450
Total Operating Cash Receipts	64,544
Operating Cash Disbursements:	
Contractual Services	47,304
Supplies and Materials	36
Other Expenses	3,434
Total Operating Cash Disbursements	50,774
Excess of Operating Receipts Over/(Under) Operating Disbursements Before Interfund Transfers and Advances	13,770
Transfers-In	6,500
Net Receipts Over/(Under) Disbursements	20,270
Fund Cash Balances, January 1	17,990
Fund Cash Balances, December 31	**$38,260**
Reserves for Encumbrances, December 31	$0

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

FIVE RIVERS METRO PARKS
MONTGOMERY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Type			
	General	**Special Revenue**	**Capital Projects**	**Totals (Memorandum Only)**
Cash Receipts:				
General Property Tax - Real Estate	$13,529,310			$13,529,310
Tangible Personal Property Tax	1,805,340			1,805,340
Investment Income	808,885	$4,019		812,904
Gifts and Donations	20,122	1,225		21,347
Intergovernmental Revenue	3,081,231	30,000		3,111,231
Sales	68,941			68,941
Contracts - Services	8,125			8,125
Change in Market Value		3,226		3,226
Other Receipts	10,864	1,049		11,913
Total Cash Receipts	19,332,818	39,519		19,372,337
Cash Disbursements:				
Current:				
Salaries - Employees	7,290,216			7,290,216
Supplies	267,115	6,221		273,336
Materials	625,545			625,545
Equipment	1,124,095			1,124,095
Contracts - Services	1,304,543	314,412		1,618,955
Rentals	117,530	57,237		174,767
Advertising and Printing	484,320	16,435		500,755
Travel	135,089			135,089
Public Employees Retirement	905,348			905,348
Workers' Compensation	144,996			144,996
Unemployment Compensation	3,722			3,722
Capital Outlay	3,734,640		$1,716,066	5,450,706
Foundation Fee		1,172		1,172
Investment Managers Fee		93		93
Grants Paid	283,839	92,932		376,771
Other	1,092,622	1,608		1,094,230
Total Cash Disbursements	17,513,620	490,110	1,716,066	19,719,796
Total Receipts Over/(Under) Disbursements	1,819,198	(450,591)	(1,716,066)	(347,459)
Other Financing Receipts/(Disbursements):				
Transfers-In		350,000	756,397	1,106,397
Transfers-Out	(1,106,397)			(1,106,397)
Reimbursements	397,996	20,250		418,246
Refunds	14,017			14,017
Total Other Financing Receipts/(Disbursements)	(694,384)	370,250	756,397	432,263
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,124,814	(80,341)	(959,669)	84,804
Fund Cash Balances, January 1	22,640,244	466,778	1,727,145	24,834,167
Fund Cash Balances, December 31	**$23,765,058**	**$386,437**	**$767,476**	**$24,918,971**
Reserves for Encumbrances, December 31	$0	$0	$410,396	$410,396

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

FIVE RIVERS METRO PARKS
MONTGOMERY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Investment Income	$75
Fees	
Sales	78,387
Miscellaneous	46
Total Operating Cash Receipts	78,508
Operating Cash Disbursements:	
Personal Services	
Travel and Transportation	
Contractual Services	64,656
Supplies and Materials	
Other Expenses	2,146
Total Operating Cash Disbursements	66,802
Excess of Operating Receipts Over/(Under) Operating Disbursements	11,706
Fund Cash Balances, January 1	6,284
Fund Cash Balances, December 31	**$17,990**
Reserves for Encumbrances, December 31	$0

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Five River MetroParks, Montgomery County, (the MetroParks) as a body corporate and politic. The probate judge of Montgomery County appoints a three-member Board of Commissioners to govern the MetroParks. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving 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 these assets conducive to the general welfare.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The MetroParks recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code permits, the Montgomery County Treasurer holds the MetroParks' cash as the MetroParks' custodian. The County holds the MetroParks' assets in its investment pool, valued at the Treasurer's reported carrying amount.

The MetroParks includes investments as assets. Accordingly, the MetroParks does not record purchases of investments as disbursements or sales of investments as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Law Enforcement Fund – This fund was established for the receipt of funds seizes through drug related offenses. Proceeds are utilized for education and prevention of drug abuse.

Island & River MetroParks Program Fund – This fund was established for the purpose of paying expenditures for hosting various events at RiverScape and Island MetroParks. Transfers from the General Fund are the major source of receipts for this fund.

RiverScape Replacement Reserve Fund – This fund receives proceeds from various local governments. These proceeds are used to reimburse MetroParks for large expenses at RiverScape MetroParks.

3. Capital Project Funds

These funds account for receipts restricted for acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The MetroParks had the following significant Capital Project Fund:

Five River MetroParks Capital (Construction) Fund - This fund received proceeds from general fund transfers. The proceeds are being used to fund various park capital projects.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The MetroParks had the following significant Enterprise Funds:

Ride the River Rentals - This fund accounts for charges relating to rental of bikes, skates and pedal boats to provide recreational activities for the general public.

Five River Outdoors – This fund was established in 2006 and is used to account for charges relating to outdoor recreation services such as kayaking, backpacking, rock climbing and other related activities provided for the general public.

E. Budgetary Process

The Ohio Revised Code requires the Board of Commissioners to budget each fund annually (except certain agency funds).

1. 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. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 MetroParks to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The MetroParks did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The MetroParks records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The MetroParks maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. At December 31, 2006 and 2005, the MetroParks had investment accounts totaling $46,630 and $152,954 respectively, which have been deposited with the Dayton Foundation. The MetroParks maintains accounts for their Enterprise funds which had a carrying amount of cash at December 31 as follows. Montgomery County is the fiscal agent for all other funds.

	2006	2005
Demand deposits	$38,260	$17,990

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$20,215,120	$19,177,931	($1,037,189)
Special Revenue	435,100	463,298	28,198
Capital Projects		3,026,154	3,026,154
Enterprise	76,035	71,044	(4,991)
Total	$20,726,255	$22,738,427	$2,012,172

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$24,443,337	$20,931,315	$3,512,022
Special Revenue	643,807	537,053	106,754
Capital Projects	3,441,752	762,274	2,679,478
Enterprise	68,300	50,774	17,526
Total	$28,597,196	$22,281,416	$6,315,780

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$20,540,240	$19,744,831	($795,409)
Special Revenue	385,000	409,769	24,769
Capital Projects	756,397	756,397	
Enterprise		78,508	78,508
Total	$21,681,637	$20,989,505	($692,132)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$21,029,079	$18,620,017	$2,409,062
Special Revenue	738,965	490,110	248,855
Capital Projects	774,529	2,126,462	(1,351,933)
Enterprise	107,700	66,802	40,898
Total	$22,650,273	$21,303,391	$1,346,882

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds: RiverScape Replacement Fund by $6,964; Five Rivers 5402 Fund by $500; and Five Rivers Outdoor Fund by $23,432 for the year ended December 31, 2006 and Construction Fund by $1.351.933 for the year ended December 31, 2005.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Park Commissioners adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 MetroParks.

Property owners assess tangible personal property tax. They must file a list of this 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 MetroParks.

5. RETIREMENT SYSTEM

The MetroParks's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006, OPERS members in classifications other than law enforcement and public safety contributed 9% percent of their gross salaries, and 8.5% in 2005. Members in law enforcement classifications for MetroParks, which consists generally of park rangers, contributed 10.1% of their gross salaries in 2006 and 2005. MetroParks contributed an amount equal to 13.70% and 16.93% of participant's gross salaries through December 31, 2006 for regular and law enforcement classifications respectively. MetroParks contributed an amount equal to 13.55% and 16.70% of participant's gross salaries through December 31, 2005 for regular and law enforcement classifications respectively. The MetroParks has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

The MetroParks is exposed to various risks of property and casualty losses, and injuries to employees.

The MetroParks insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The MetroParks 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.

A. 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.

B. 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.

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.

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

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 (the latest information available):

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

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

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately $14.3 million and $12 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also 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. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately $ 443,538. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2003	$152,144
2004	$203,886
2005	$205,636

After completing one year of membership, 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 contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all 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.

7. CONTINGENT LIABILITIES

The MetroParks is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, counsel believes the resolution of these matters will not materially adversely affect the MetroParks's financial condition.

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Mary Taylor, CPA
Auditor of State

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

Five Rivers MetroParks
Montgomery County
1375 East Siebenthaler Avenue
Dayton, Ohio 45414

To the Board of Commissioners:

We have audited the financial statements of the Five Rivers MetroParks, Montgomery County, (the MetroPark) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 15, 2007, wherein we noted the MetroParks followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 MetroPark's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the MetroPark's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the MetroPark's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the MetroPark's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the MetroPark's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-004.

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Internal Control Over Financial Reporting
(Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the MetroPark's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-003 and 2006-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the MetroPark's management in a separate letter dated June 15, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the MetroParks's 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 we must report under *Government Auditing Standards*. which are described in the accompanying schedule of findings as items : 2006-002 to 2006-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the MetroPark's management in a separate letter dated June 15, 2007.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2007

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Significant Deficiency

Financial activity for River Rentals Enterprise Fund was cut off at December 29, 2006 for reporting activity on the 2006 statements; at December 30, 2005 for reporting activity on the 2005 statements. In 2006, two days activities were missing and in 2005 one day activity was missing. This understated both cash fund balance and sales. Audit adjustments were made to correct the financial statements. To improve financial reporting and budgeting, all transactions should be included on the financial statements through December 31.

FINDING NUMBER 2006-002

Noncompliance Citation / Significant Deficiency

Ohio Revised Code Section 5705.3(A) allows the MetroPark to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the current certificate of estimated resources. An increased amended certificate of estimated resources must be obtained from the budget commission if the MetroPark intends to appropriate and expend the excess revenue. A reduced amended certificate of estimated resources must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

During 2005, the MetroPark's estimated resources fell short in the Island & River MetroParks Fund by more than $10,000 and the MetroParks Law Enforcement Fund by more than $2,900. During 2006, the Districts estimated resources fell short in the General Fund by more than $1,000,000.

The District should adopt and implement procedures which required amended certificates of estimated resources to be requested in a timely manner. This would assist in preventing appropriation measures from exceeding the amount of certified resources.

FINDING NUMBER 2006-003

Noncompliance Citation / Material Weakness

Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations in the following funds in 2006:

Fund	Appropriations	Expenditures and Encumbrances	Variance
RiverScape Replacement Reserve	$196,563	$203,527	($ 6,964)
Five Rivers 5402		500	(500)
Five Rivers Outdoor		23,432	(23,432)

Expenditures plus encumbrances exceeded appropriations in the following fund in 2005:

Fund	Appropriations	Expenditures and Encumbrances	Variance
Construction	$774,529	$2,126,462	($1,351,933)

MetroParks should monitor budgetary activity for each fund. No encumbrances or expenditures should be allowed until funds are appropriated.

FINDING NUMBER 2006-004

Noncompliance Citation / Material Weakness

Ohio Revised Code Section 5705.41(D) states 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 statute provides the following exceptions to this basic requirement:

1. **Then and Now Certificate:** This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

   Amounts of less than $100 for counties, or less than $3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. **Regular Blanket Certificate:** Fiscal officers may prepare so-called "blanket" certificates for a sum not exceeding an amount established by resolution adopted by the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates 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.

3. **Super Blanket Certificate:** In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund 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 fiscal year. . More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The fiscal officer did not certify the availability of funds for any expenditures in the enterprise funds. MetroParks should adopt and implement procedures that require proper certification of funds for all expenditures. This would assist in appropriations not being overspent.

We did not receive a response from Officials to the findings reported above.

FIVE RIVERS METROPARKS
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2004-001	Revised Code § 5705.36, failure to amend certificate of estimated resources	No	Repeated as finding number 2006-002
2004-002	Revised Code § 5705.39, appropriations in excess of certificate of estimated resources	No	Partial – Repeated in management letter.
2004-003	Revised Code § 5705.41 (b), budgetary expenditures in excess of appropriations	No	Repeated as finding number 2006-003
2004-004	Revised Code § 5705.41(d), failure to encumber funds	No	Repeated as finding number 2006-004

Mary Taylor, CPA
Auditor of State

FIVE RIVERS METROPARKS

MONTGOMERY 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 4, 2007

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