

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2005 and 2004

**PATRICIA DAVIES, CLERK/TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Highland Community Park District  
3627 Ruggles Road  
Fredericktown, Ohio 43019

We have reviewed the *Independent Auditors' Report* of the Highland Community Park District, Morrow County, prepared by Julian & Grube, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 24, 2007

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**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditors' Report**

Board of Trustees  
Highland Community Park District  
3627 Ruggles Road  
Fredericktown, Ohio 43019

We have audited the accompanying financial statements of Highland Community Park District, Morrow County, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of Highland Community Park District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, Highland Community Park District 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 Highland Community Park District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While Highland Community Park District does not follow GAAP, generally accepted auditing standards requires 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. Highland Community Park District has elected not to reformat its statements. Since Highland Community Park District 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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Highland Community Park District as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Highland Community Park District, Morrow County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires Highland Community Park District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. Highland Community Park District 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 March 15, 2007, on our consideration of Highland Community Park 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
March 15, 2007



**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2005 AND 2004

<u>Cash and Cash Equivalents</u>	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 30,796	\$ 32,994
Total Cash and Cash Equivalents	<u>\$ 30,796</u>	<u>\$ 32,994</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 30,675	\$ 32,873
Capital Projects Fund	121	121
Total Governmental Fund Types	<u>30,796</u>	<u>32,994</u>
 Total Cash Fund Balances	 <u>\$ 30,796</u>	 <u>\$ 32,994</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Intergovernmental	\$ -	\$ 2,815	\$ -	\$ 2,815
Investment income	140	-	-	140
Gifts and donations	4,316	-	-	4,316
Fees	200	-	-	200
Rebates	3,355	-	-	3,355
Sales	36,069	-	-	36,069
Total cash receipts	<u>44,080</u>	<u>2,815</u>	<u>-</u>	<u>46,895</u>
Cash disbursements:				
Current:				
Concession inventory	19,186	-	-	19,186
Materials & supplies	1,331	-	-	1,331
Equipment	2,217	-	-	2,217
Maintenance	2,776	2,815	-	5,591
Contracts-services	11,260	-	-	11,260
Advertising and printing	360	-	-	360
Utilities	2,496	-	-	2,496
Capital outlay	6,302	-	-	6,302
Other	350	-	-	350
Total cash disbursements	<u>46,278</u>	<u>2,815</u>	<u>-</u>	<u>49,093</u>
Total cash receipts (under) cash disbursements	(2,198)	-	-	(2,198)
Cash fund balances, January 1, 2005	<u>32,873</u>	<u>-</u>	<u>121</u>	<u>32,994</u>
Cash fund balances, December 31, 2005	<u>\$ 30,675</u>	<u>\$ -</u>	<u>\$ 121</u>	<u>\$ 30,796</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 34,454	\$ 17,450	\$ 51,904	\$ 44,080	\$ 26,630	\$ -	\$ 34,275	\$ 34,275	\$ 46,278	\$ -	\$ 46,278	\$ (12,003)
Special Revenue	-	-	-	2,815	2,815	-	-	-	2,815	-	2,815	(2,815)
Capital Projects	121	-	121	-	-	-	-	-	-	-	-	-
<b>Total (Memorandum Only)</b>	<u>\$ 34,575</u>	<u>\$ 17,450</u>	<u>\$ 52,025</u>	<u>\$ 46,895</u>	<u>\$ 29,445</u>	<u>\$ -</u>	<u>\$ 34,275</u>	<u>\$ 34,275</u>	<u>\$ 49,093</u>	<u>\$ -</u>	<u>\$ 49,093</u>	<u>\$ (14,818)</u>

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Capital Projects	
Cash receipts:			
Investment income	\$ 162	\$ -	\$ 162
Gifts and donations	6,770	-	6,770
Fees	911	-	911
Sales	28,495	-	28,495
Rebates	566	-	566
Miscellaneous	935	-	935
Total cash receipts	<u>37,839</u>	<u>-</u>	<u>37,839</u>
Cash disbursements:			
Current:			
Concession inventory	15,886	-	15,886
Materials & supplies	4,441	-	4,441
Equipment	15,129	129	15,258
Maintenance	4,881	-	4,881
Contracts-services	1,583	-	1,583
Advertising and printing	643	-	643
Utilities	2,660	-	2,660
Capital outlay	3,359	-	3,359
Other	575	-	575
Total cash disbursements	<u>49,157</u>	<u>129</u>	<u>49,286</u>
Total cash receipts (under) cash disbursements	(11,318)	(129)	(11,447)
Cash fund balances, January 1, 2004	<u>44,191</u>	<u>250</u>	<u>44,441</u>
Cash fund balances, December 31, 2004	<u>\$ 32,873</u>	<u>\$ 121</u>	<u>\$ 32,994</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 44,127	\$ 20,330	\$ 64,457	\$ 37,839	\$ 17,509	\$ -	\$ 50,260	\$ 50,260	\$ 49,157	\$ -	\$ 49,157	\$ 1,103
Capital Projects	250	-	250	-	-	-	250	250	129	-	129	121
Total (Memorandum Only)	<u>\$ 44,377</u>	<u>\$ 20,330</u>	<u>\$ 64,707</u>	<u>\$ 37,839</u>	<u>\$ 17,509</u>	<u>\$ -</u>	<u>\$ 50,510</u>	<u>\$ 50,510</u>	<u>\$ 49,286</u>	<u>\$ -</u>	<u>\$ 49,286</u>	<u>\$ 1,224</u>

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Highland Community Park District, Morrow County, (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is directed by a seven-member Board of Commissioners appointed by each of the following entities: Chester Township, Bennington Township, South Bloomfield Township, Highland School Board, Village of Chesterville, Village of Marengo and Village of Sparta. The District acquires land to construct, maintain and operate a recreational and/or activity center to educate the public as to the health benefits of sports, exercise and especially baseball; to promote and educate the public especially children, in all aspects of sport safety; and to encourage the establishment, organization and development of recreational facilities by public authorities.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the District's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the District are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the District:

**GOVERNMENTAL FUND TYPES:**

**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.

**Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources that are legally restricted expenditures for specific purposes. The District had the following Special Revenue Fund:

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FEMA Fund* - This fund received federal funds for reimbursement of money spent restoring property and other expenses resulting from the ice storm in 2005.

Capital Projects Funds

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

*Capital Improvement Fund* - This fund received local grant proceeds to construct exercise stations along the District's walking paths.

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund separating each department and the personal services within. Any budgetary modifications at this level may only be made by resolution of the District's Trustees.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. The Morrow County Budget Commission waived the requirement for filing a tax budget for 2005 and 2004.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the District by September 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the District determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The District had no supplemental appropriations during the years ended December 31, 2005 and 2004.



**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. The District did not use the encumbrance method of accounting.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2005 and 2004.

**D. PROPERTY, PLANT AND EQUIPMENT**

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

**NOTE 3 - COMPLIANCE**

- A. The following funds had expenditures in excess of appropriations for the year ended December 31, 2005 in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 12,003
<u>Special Revenue Fund</u>	
FEMA	2,815

Disclosure is presented at the fund level, rather than at the item level within the fund due to the practicality of determining these values.

- B. The District did not properly certify disbursements contrary to Ohio Revised Code Section 5705.41(D).

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The District maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and cash equivalents at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	<u>\$ 30,796</u>	<u>\$ 32,994</u>

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

**NOTE 5 - RELATED PARTY TRANSACTIONS**

Jack Fishburn, a Park Commissioner, is owner of Fishburn Services from which the District acquired clean up services during 2005 for \$3,110.

**NOTE 6 - RISK MANAGEMENT**

The District has obtained commercial insurance for comprehensive property and general liability.

**NOTE 7 - CONTINGENT LIABILITY**

LITIGATION

The District is currently not involved in litigation.

**NOTE 8 - SALES**

The District operates a concession stand located on District premises. Two volunteers manage the day to day operations and reporting, while additional volunteers help with concession sales. When an outside organization provides volunteers to help with concession stand sales, the District donates a portion of the sales to that organization. The amount reported as sales revenue during 2005 and 2004, were \$36,069 and \$28,495, respectively.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Highland Community Park District  
3627 Ruggles Road  
Fredericktown, Ohio 43019

We have audited the accompanying financial statements of the Highland Community Park District as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 15, 2007, wherein we noted that Highland Community Park District 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Highland Community Park District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted three matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 Highland Community Park District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-HCPD-003 through 2005-HCPD-005.

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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 to be material weaknesses. However, of the reportable conditions described above, we consider items 2005-HCPD-004 and 2005-HCPD-005 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Highland Community Park District's in a separate letter dated March 15, 2007.

Board of Trustees  
Highland Community Park District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Highland Community Park District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2005-HCPD-001 and 2005-HCPD-002. We also noted a certain matter that we reported to management of Highland Community Park District in a separate letter dated March 15, 2007.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
March 15, 2007

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2005-HCPD-001

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that District had expenditures exceeding appropriations in the following funds:

<u>Fund Type/Fund</u>	<u>Excess</u>
General Fund	\$ 12,003
<u>Special Revenue Fund</u>	
FEMA	2,815

Disclosure is presented at the fund level, rather than at the item level within the fund due to the practicality of determining these values.

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Board of Trustees. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

*Client Response:* The District is attempting to monitor its budget more closely and to increase its appropriations as needed.

Finding Number	2005-HCPD-002
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies 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.

It was noted during the audit that the District does not issue Clerk/Treasurer certificates prior to expending funds. A listing of all disbursements is provided to the Trustees at each meeting to ensure items paid are in line with the budget.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2005-HCPD-002 (Continued)

Without timely certification, the District may expend more funds than available in the treasury, in the process of collection or than funds appropriated. In addition, by purchasing items prior to Trustee approval or absent the purchase order process, the potential for unnecessary purchases or items for proper public purpose cannot be prevented if approval is after the fact.

We recommend that the District implement a policy and procedure for the use of purchase orders to help ensure that the disbursements are timely certified. This will help ensure that all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The District should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or "Then and Now" certificates where applicable.

Client Response: The District Clerk/Treasurer will attempt to utilize the purchase order system as required by the Ohio Revised Code.

Finding Number	2005-HCPD-003
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The District does not have a formal policy on handling and recording gifts and donations. In addition documentation is not always maintained to support gifts and donations received. Pre-numbered receipts and donation forms were not used consistently, nor were the donation forms pre-numbered. These weaknesses could result in monies being diverted or lost without management's knowledge.

We recommend that the District use pre-numbered receipts and/or pre-numbered donation forms for all revenues collected by the District and the Clerk/Treasurer reconcile daily duplicate receipts and/or donation forms to amounts deposited and posted to the accounting system. In addition, the Board should establish written policies and procedures governing fund raising activities and the acceptance of donations. Among other matters, these policies should address authorizing fund raising events and acknowledgement by the Board of donations received above specified amounts.

Client Response: The District Clerk/Treasurer will attempt to consistently use the methods described above.

Finding Number	2005-HCPD-004
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The District does not have policies and procedures in place to support concession stand receipts. Daily tally sheets were not used or maintained nor was there any detailed sales report. These weaknesses could result in monies being diverted or lost without management's knowledge.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2005-HCPD-004 (Continued)

We recommend the Board implement policies and procedures to be followed by volunteers collecting monies in order to account for sales and help ensure proper amounts collected are being remitted to the District. The Board should also consider implementing policies and procedures to better monitor its collections.

*Client Response:* The Board will develop mandatory sales forms to be completed by the volunteers and require they are submitted to the clerk for appropriate record keeping

Finding Number	2005-HCPD-005
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It was noted during the audit that an appropriation ledger was not maintained throughout the years ended December 31, 2005 and 2004.

It is not proper budgeting stewardness for the District to expend monies or incur obligations without maintaining an appropriation ledger to monitor that funds have been properly appropriated for such expenditures.

We recommend that the District Clerk maintain an appropriation ledger based on temporary, then permanent, then modified (if applicable) Treasurer appropriations. These ledgers should be reviewed monthly by the Board to enable them to monitor disbursements and facilitate the making of appropriate budgetary decisions. The District may consider consulting with an accounting firm to help monitor compliance with this requirement. We also recommend the District consider obtaining a more comprehensive computerized system to help with efficiency and effectiveness throughout the year.

*Client Response:* The Board will attempt to require monthly appropriation ledgers to be completed and presented for review on a monthly basis.

**HIGHLAND COMMUNITY PARK DISTRICT  
MORROW COUNTY, OHIO**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2003-001	Ohio Revised Code Section 5705.28 (B)(2)(a) and (c), 5705.36, 5705.38, 5705.41(B) and 5705.41(D) require the District to adopt a budget, establish appropriations and estimated resources and certify the availability of funds prior to incurring an obligations.	Partial	Ohio Revised Code Section 5705.28(B)(2)(a) and (c) – corrected; 5705.36 – corrected; 5705.38 – corrected; 5705.41(B) – repeated as finding 2005-HCPD-001; 5705.41(D) – repeated as finding 2005-HCPD-002.
2003-002	The Park District does not have a formal policy on handling and recording gifts and donations.	No	Repeated as Finding 2005-HCPD-003
2003-003	Failure to issue an appropriate contract and monitor it accurately.	Yes	N/A





**Mary Taylor, CPA**  
Auditor of State

**HIGHLAND COMMUNITY PARK DISTRICT**

**MORROW 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  
JUNE 7, 2007**