

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006**





Mary Taylor, CPA  
Auditor of State

Board of Park Commissioners  
Guernsey County Park District  
P.O. Box 8  
Byesville, Ohio 43723

We have reviewed the *Independent Accountants' Report* of the Guernsey County Park District, Guernsey County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 22, 2008

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**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

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# KNOX & KNOX

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## Accountants and Consultants

### Independent Accountants' Report

Guernsey County Park District  
Guernsey County  
P.O. Box 8  
Byesville, Ohio 43723

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities each major fund and the aggregate remaining fund information of the Guernsey County Park District, Guernsey County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006, 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 District has prepared these financial statements and notes using the cash basis of accounting. 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 Guernsey County Park District, Guernsey County, Ohio, as of December 31, 2007 and 2006, 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 year ended December 31, 2007 and 2006, 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 March 18, 2008, 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. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance, and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. 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 required by accounting principles generally accepted in the United States of America. 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.

*KNOX & KNOX*

Orrville, Ohio  
March 18, 2008



**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

This discussion and analysis of the Guernsey County Park District's financial performance provides an overall review of the District's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the District's cash basis 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 2007 and 2006 are as follows:

Net assets of governmental activities in 2007 increased \$1663, or 105.1 percent, a significant change from the prior year. The fund affected by the increase in cash and cash equivalents was the General Fund

The District's general receipts are intergovernmental. These receipts represent 100 percent of the total cash received for governmental activities during the year. Intergovernmental receipts for 2007 changed a significant amount compared to 2006.

**USING THE BASIC FINANCIAL STATEMENTS**

This annual report is presented in a format consistent with the presentation requirements of Government Accounting Standards Board Statement No. 34, as applicable to the Government'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 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.

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006  
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 GOVERNMENT AS A WHOLE**

The Statement of Net Assets and the statement of activities reflect how the District performed financially during 2007 and 2006, 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 deteriorating.

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 GOVERNMENT'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.

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

**THE DISTRICT AS A WHOLE**

Table 1 provides a summary of the District's net assets for 2007 compared to 2006 on a cash basis.

(Table 1)  
NET ASSETS

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$3,245</u>	<u>\$1,582</u>
 Total Assets	 <u><u>\$3,245</u></u>	 <u><u>\$1,582</u></u>
 <b>NET ASSETS</b>		
Unrestricted	<u>\$3,245</u>	<u>\$1,582</u>
 Total Net Assets	 <u><u>\$3,245</u></u>	 <u><u>\$1,582</u></u>

As mentioned previously, net assets of governmental activities increased \$1,663 or 105.1 percent during 2007. The primary reasons contributing to the increase in cash balances were decreases in expenses.

Table 2 reflects the changes in net assets in 2006 and 2007.

(Table 2)  
CHANGES IN NET ASSETS

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2006</u>	<u>Change</u>
<b>RECEIPTS:</b>			
<b>Program Receipts:</b>			
Operating Grants and Contributions	<u>\$10,200</u>	<u>\$10,200</u>	<u>          </u>
 Total Program Receipts	 <u>10,200</u>	 <u>10,200</u>	 <u>          </u>
 <b>DISBURSEMENTS:</b>			
General Government	<u>8,537</u>	<u>12,104</u>	<u>(\$3,567)</u>
 Total Disbursements	 <u>8,537</u>	 <u>12,104</u>	 <u>(3,567)</u>
 Increase (Decrease) in Net Assets	 1,663	 (1,904)	 3,567
 Net Assets Beginning of Year	 <u>1,582</u>	 <u>3,486</u>	 <u>(1,904)</u>
 <b>NET ASSETS END OF YEAR</b>	 <u><u>\$3,245</u></u>	 <u><u>\$1,582</u></u>	 <u><u>\$1,663</u></u>

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 AND 2006  
UNAUDITED**

Program receipts represent 100% of the District's total receipts, of which 100 % are intergovernmental receipts. Since these monies are provided by the county or township, 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 funds are the General Fund. A review of this fund indicates a relatively small change in the fund balance from year to year.

**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 most significant budgeted fund is the General Fund.

**CAPITAL ASSETS**

The Government 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. The Park Commissioners utilize the accounting system of the County, in order to properly record receipts and disbursements.

**CONTACTING THE VILLAGE'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government'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 Ernest Rogers, Ed Hlad, or Dave Gombeda, Park Commissioners, P.O. Box 8, Byesville, Ohio 43723-0008.

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,245</u>
Total Assets	<u><u>\$3,245</u></u>
<b>NET ASSETS</b>	
Unrestricted	<u>\$3,245</u>
Total Net Assets	<u><u>\$3,245</u></u>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government:			
Purchased & Contract Services	\$7,853	\$9,516	\$1,663
Supplies	<u>684</u>	<u>684</u>	<u>          </u>
Total Governmental Activities	<u>\$8,537</u>	<u>\$10,200</u>	<u>\$1,663</u>
		Changes in Net Assets	1,663
		Net Assets Beginning of Year	<u>1,582</u>
		<b>NET ASSETS END OF YEAR</b>	<u><u>\$3,245</u></u>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Total Governmental Funds
<b>ASSETS</b>		
Equity in Pooled Cash and Cash Equivalents	\$3,245	\$3,245
Total Assets	\$3,245	\$3,245
<b>FUND BALANCES</b>		
Unreserved:		
Undesignated, Reported in:		
General Fund	\$3,245	\$3,245
Total Fund Balances	\$3,245	\$3,245

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Total Governmental Funds
<b>CASH RECEIPTS</b>		
Intergovernmental	\$10,200	\$10,200
Total Receipts	10,200	10,200
<b>DISBURSEMENTS:</b>		
Current:		
General Government	8,537	8,537
Total Disbursements	8,537	8,537
Net Change in Fund Balances	1,663	1,663
Fund Balances Beginning of Year	1,582	1,582
<b>FUND BALANCES END OF YEAR</b>	<b>\$3,245</b>	<b>\$3,245</b>

*See accompanying notes to the basic financial statements.*



**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS:</b>				
Local Government Contributions	<u>\$10,200</u>	<u>\$10,200</u>	<u>\$10,200</u>	
Total Receipts	<u>10,200</u>	<u>10,200</u>	<u>10,200</u>	
<b>DISBURSEMENTS:</b>				
Current:				
Purchased & Contract Services	12,598	12,598	7,853	\$4,745
Supplies	<u>684</u>	<u>684</u>	<u>684</u>	
Total Disbursements	<u>13,282</u>	<u>13,282</u>	<u>8,537</u>	<u>4,745</u>
Net Change in Fund Balances	(3,082)	(3,082)	1,663	(4,745)
Fund Balances Beginning of Year	<u>1,582</u>	<u>1,582</u>	<u>1,582</u>	
<b>FUND BALANCES END OF YEAR</b>	<u><u>(\$1,500)</u></u>	<u><u>(\$1,500)</u></u>	<u><u>\$3,245</u></u>	<u><u>(\$4,745)</u></u>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,582</u>
Total Assets	<u><u>\$1,582</u></u>
NET ASSETS	
Unrestricted	<u>\$1,582</u>
Total Net Assets	<u><u>\$1,582</u></u>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR YEAR ENDED DECEMBER 31, 2006**

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
General Government:			
Purchased & Contract Services	\$10,973	\$9,069	(\$1,904)
Supplies	<u>1,131</u>	<u>1,131</u>	<u>          </u>
Total Governmental Activities	<u><u>\$12,104</u></u>	<u><u>\$10,200</u></u>	<u><u>(\$1,904)</u></u>
			Changes in Net Assets (1,904)
			Net Assets Beginning of Year <u>3,486</u>
			<b>NET ASSETS END OF YEAR <u><u>\$1,582</u></u></b>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
FOR YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$1,582</u>	<u>\$1,582</u>
Total Assets	<u><u>\$1,582</u></u>	<u><u>\$1,582</u></u>
<b>FUND BALANCES</b>		
Unreserved:		
Undesignated, Reported in:		
General Fund	<u>\$1,582</u>	<u>\$1,582</u>
Total Fund Balances	<u><u>\$1,582</u></u>	<u><u>\$1,582</u></u>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH FUND BALANCES - GOVERNMENTAL FUNDS  
FOR YEAR ENDED DECEMBER 31, 2006**

	General	Total Governmental Funds
CASH RECEIPTS		
Intergovernmental	\$10,200	\$10,200
Total Receipts	10,200	10,200
DISBURSEMENTS:		
Current:		
General Government	12,104	12,104
Total Disbursements	12,104	12,104
Net Change in Fund Balances	(1,904)	(1,904)
Fund Balances Beginning of Year	3,486	3,486
FUND BALANCES END OF YEAR	\$1,582	\$1,582

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - GOVERNMENTAL FUNDS  
FOR YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS:</b>				
Local Government Contributions	<u>\$10,200</u>	<u>\$10,200</u>	<u>\$10,200</u>	
Total Receipts	<u>10,200</u>	<u>10,200</u>	<u>10,200</u>	
<b>DISBURSEMENTS:</b>				
Current:				
Purchased & Contract Services	12,555	12,555	10,973	\$1,582
Supplies	<u>1,131</u>	<u>1,131</u>	<u>1,131</u>	
Total Disbursements	<u>13,686</u>	<u>13,686</u>	<u>12,104</u>	<u>1,582</u>
Net Change in Fund Balances	(3,486)	(3,486)	(1,904)	(1,582)
Fund Balances Beginning of Year	<u>3,486</u>	<u>3,486</u>	<u>3,486</u>	
<b>FUND BALANCES END OF YEAR</b>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>\$1,582</u></u>	<u><u>(\$1,582)</u></u>

*See accompanying notes to the basic financial statements.*

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**1. REPORTING ENTITY**

The Guernsey County Park District, Guernsey County, (the District) is a body of corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The probate judge of Guernsey County appoints a three-member Board of Commissioners to govern the District. The District was formed primarily for the upkeep, repair and improvements to Jackson Park. 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 District's management believes these 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.

**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 more 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.

1. Government-Wide Financial Statements

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. 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.

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation** (continued)

2. 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.

1. 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 are the District's major governmental funds.

*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 of 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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.



**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Cash and Cash Equivalents**

The County Treasurer is the custodian for the District's cash. The County's cash and investments pool holds the District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County Treasurer, James Caldwell at 627 Wheeling Avenue, Cambridge, Ohio 43275.

**E. Budgetary Data**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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 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 original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations 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 forward from prior years. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**F. Restricted Assets**

Cash, cash equivalents and investments 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.

**G. Inventory and Prepaid Items**

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

**H. 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.

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. 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.

**J. 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..

**K. 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.

**3. CHANGES 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.

The transition from the regulatory basis of accounting to the cash basis of accounting as well as the change in reporting capital projects activity generated no changes to fund balance/equity as previously reported at December 31, 2003.

**4. COMPLIANCE**

The Board did not approve an operating budget for 2007 or 2006.

The District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**5. GRANTS AND RECEIPTS**

The primary source of revenue for the Guernsey County Park District is contributions from other governmental entities, such as Guernsey County or Jackson Township.

**6. RISK MANAGEMENT**

The District has obtained commercial insurance through Guernsey County for the following risks:

- Comprehensive property and general liability coverage; and
- Errors and omissions

**7. 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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# KNOX & KNOX

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## Accountants and Consultants

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

Guernsey County Park District  
Guernsey County  
P.O. Box 8  
Byesville, Ohio 43723

To the Board of Park Commissioners:

We have audited the accompanying financial statements of the government activities of the Guernsey County Park District, Guernsey County, Ohio (the District) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the District's financial statements and have issued our report thereon dated March 18, 2008 wherein we noted that the District revised its financial presentation comparable to the requirements of Government Auditing Standard 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 *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 District's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the District's internal control over financial reporting.

Our consideration of the 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. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District'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 a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We noted no matters involving internal control over financial reporting and its operation that we consider a material weakness.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that a material misstatement will not be prevented or detected by the District's internal control.

Our consideration of 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we noted a matter we reported to the Board of Park Commissioners in a separate letter dated March 18, 2008.

### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2007-001.

This report is intended solely for the information and use of the management, the audit committee, and the Board of Park Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
March 18, 2008

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-01

Noncompliance Citation

Ohio Revised Code Section 5205.28 (A)(2) provides that on or before July 15 of each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding year. Ohio Revised Code Section 5205.28 (A)(2)(a) provides that if the District does not levy taxes, the District should adopt an operating budget on or before the fifteenth day of July each year for the ensuing fiscal year, which is not required to be filed with the county auditor or county budget commission. Ohio Revised Code Section 5205.28 (A)(2)(b) states that except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission. Ohio Revised Code Section 5205.28 (A)(2)(c) provides that appropriations from each fund are limited to estimated resources available for expenditures from the fund and appropriations shall be made from each fund only for the purposes for which the fund is established.

The District Board did not approve an operating budget for either year under audit. Although the District did not levy a tax, the District Board is still required to prepare an operating budget and maintain such operating budget throughout the year.

We recommend the District Board prepare an operating budget each year.

Client Response: None

**GUERNSEY COUNTY PARK DISTRICT  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain</i>
2005-001	Ohio Revised Code Section 5705.28 (A)(2) provides that on or before July 15 of each year, the taxing authority is to adopt a tax budget.	NO	Not Corrected: Reissued as Finding No. 2007-001
2007-002	Ohio Revised Code Section 5705.41 (B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.	YES	Finding is no longer valid.





**Mary Taylor, CPA**  
Auditor of State

**GUERNSEY COUNTY PARK DISTRICT**

**GUERNSEY 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 2, 2008**