



Mary Taylor, CPA
Auditor of State

**VAN WERT COUNTY PARK DISTRICT
VAN WERT COUNTY**

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Mary Taylor, CPA
Auditor of State

Van Wert County Park District
Van Wert County
1185 Professional Drive
Van Wert, Ohio 45891

To the Board of Park District 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 an 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 adverse 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 9, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Van Wert County Park District
Van Wert County
1185 Professional Drive
Van Wert, Ohio 45891

To the Board of Park District Commissioners:

We have audited the accompanying financial statements of the Van Wert County Park District, Van Wert County, (the District) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the 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 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 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.

Instead of the fund the accompanying financial statements present, GAAP requires presenting entity-wide statements. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and 2006, 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 fund cash balances of Van Wert County Park District, Van Wert County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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The 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 June 9, 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. 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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 9, 2008

**VAN WERT COUNTY PARK DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>
Cash Receipts:	
Donations	\$105,361
Total Cash Receipts	<u>105,361</u>
Cash Disbursements:	
Current Disbursements:	
Contracts - Services	17,304
Land Acquisition	65,000
Other	653
Total Cash Disbursements	<u>82,957</u>
Total Receipts Over/(Under) Disbursements	22,404
Fund Cash Balances, January 1	<u>230</u>
Fund Cash Balances, December 31	<u><u>\$22,634</u></u>

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

**VAN WERT COUNTY PARK DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>
Cash Receipts:	<u>\$0</u>
Cash Disbursements:	<u> </u>
Total Receipts Over/(Under) Disbursements	
Fund Cash Balances, January 1	<u>230</u>
Fund Cash Balances, December 31	<u><u>\$230</u></u>

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

**VAN WERT COUNTY PARK DISTRICT
VAN WERT COUNTY**

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

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 Van Wert County Park District, Van Wert County, (the District) as a body corporate and politic. The probate judge of Van Wert County appoints a three-member Board of Commissioners to govern the District. 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 District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District 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 Van Wert County Treasurer holds the District's cash as the District's custodian. The County holds the District's assets in its investment pool, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal level of control and appropriations may not exceed estimated resources. The District Board has not established a legal level of control. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VAN WERT COUNTY PARK DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

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

F. Property, Plant, and Equipment

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

2. COMPLIANCE

Contrary to Ohio law, the District did not, as required, hold meetings or maintain minutes, prepare an annual budget, adopt an appropriation measure, or obtain a certificate of estimate resources for the years ended December 31, 2007 and 2006.

3. DONATIONS

Donations are received from the Van Wert County Foundation, (the Foundation), a non-profit organization that was incorporated under Internal Revenue Code 501(c)(3). The Foundation solicits funds or receives bequests to support events and organizations in the area including the Van Wert County Park District.

4. RISK MANAGEMENT

Commercial Insurance

The District is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

5. SUBSEQUENT EVENTS

During 2008, a Clean Ohio Grant was received by the Park District Board for the purpose of constructing a Recreational Trail. The Park District Board issued a contract in the amount of \$186,797 to LeVan's Excavating, Inc for the construction of the trail.



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*

Van Wert County Park District
Van Wert County
1185 Professional Drive
Van Wert, Ohio 45891

To the Board of Park District Commissioners:

We have audited the financial statements of the Van Wert County Park District, Van Wert County, (the District), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 9, 2008, wherein we noted the 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District'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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 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 the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be significant deficiency in internal control over financial reporting: 2007-004.

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

**Internal Control Over Financial Reporting
(Continued)**

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 internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above as finding number 2007-004 is also material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District'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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-001 to 2007-003.

We also noted certain noncompliance or other matters that we reported to the District's management in a separate letter dated June 9, 2008.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and District Board of Commissioners. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 9, 2008

VAN WERT COUNTY PARK DISTRICT
VAN WERT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance – Prior Certification of Obligations

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of 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** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified prior to incurring obligations for three out of ten expenditures, or 30 percent, during 2007. Failure to properly obtain certification of the availability of funds can result in overspending and a possible negative fund cash balance.

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

**FINDING NUMBER 2007-001
(Continued)**

Officials' Response:

The failures to certify funds were an oversight on the part of the clerk and county auditor. We will make a diligent effort to certify all funds before expenditure.

FINDING NUMBER 2007-002

Noncompliance – Meetings and Minutes

Ohio Rev. Code Section 121.22(C) states that the minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. In addition the Park District Bylaws, Article III, Meetings and Notices Thereof, states that the Board will hold a regular meeting, at least once during each calendar month and Article V Parliamentary Procedures states that an accurate and permanent record of the proceedings of all meetings, regular and special shall be kept by the Secretary and signed by the presiding officer and Secretary.

Minutes of the meetings were not maintained for the years 2006 and 2007, nor was there indication that the required monthly meetings were held by the District Board.

All required monthly meetings should be held and the minutes of all regular and special meetings should be promptly recorded because they represent the official record of actions taken by the District Board and are a public record which should be open to public inspection.

Officials' Response:

We acknowledge the lack of records of meetings. We are investigating ways and individuals who can assist us. Until individuals and methods are place, someone will record the meetings of all Park District meetings.

FINDING NUMBER 2007-003

Noncompliance - Budgetary Requirements

The District operates similar to a department within the County's budget system. Since the District is a legally separate entity established under Ohio Rev Code 1545, the District should comply with the applicable Ohio Revised Code sections pertaining to budgetary requirements as follows:

- **Ohio Rev. Code Section 5705.28(B)(2)(a) and (b)** require that on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year.

The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The operating budget is not required to be filed with the county auditor or the county budget commission. Pursuant to this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Revised Code, and documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission.

**FINDING NUMBER 2007-003
(Continued)**

- **Ohio Rev. Code Section 5705.36(A)(1)** requires that on or about the first day of each fiscal year the fiscal officer shall prepare a certificate of the total amount from all sources which is available for expenditure in the tax budget along with any encumbered balances that existed at the end of the preceding year.
- **Ohio Rev. Code Section 5705.38(A)** requires that on or about the first day of each year, the Board shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the entity until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.
- **Ohio Rev. Code Section 5705.40** stipulates that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.
- **Ohio Rev. Code Section 5705.41** states that no subdivision or taxing unit shall: (A) Make any appropriation of money except as provided in Chapter 5705. of the Revised Code; provided, that the authorization of a bond issue shall be deemed to be an appropriation of the proceeds of the bond issue for the purpose for which such bonds were issued, but no expenditure shall be made from any bond fund until first authorized by the taxing authority; (B) Make any expenditure of money unless it has been appropriated as provided in such chapter; and (C) Make any expenditure of money except by a proper warrant drawn against an appropriate fund.

The District, as a legally separate entity established under Ohio Rev Code 1545, should follow the budgetary requirements of the Ohio Revised Code. These documents should be completed, and Board approval documented within the minutes.

Officials' Response:

We will put together a 2008 budget. This will be available at the June 19, 2008 meeting.

FINDING NUMBER 2007-004

Material Weakness - Monitoring Controls by Park District Board

The small size of the District's fiscal operations did not allow for an adequate segregation of duties. The Van Wert County Auditor, as fiscal agent performed most accounting functions. It is therefore important that the District Board monitor financial activity closely. The following deficiencies were noted in the monitoring of financial and budgetary activity by the Park District Board:

- There was no evidence that the Park District Board reviewed monthly detail revenue or disbursement ledgers.
- There was no evidence that the Park District Board prepared or approved budgetary activity, including but not limited to a budget, annual appropriation resolution or estimate resources.

These weaknesses could allow posting errors in receipts and disbursements to occur and be undetected, and the lack of budgetary procedures limits informed decision making.

**FINDING NUMBER 2007-004
(Continued)**

To improve controls over financial transactions and reduce the possibility of errors the following monitoring controls should be implemented:

Monthly receipt and disbursement ledgers and the vouchers containing supporting documentation should be presented to the District Board. The documents should be reviewed, initialed, and approved in the minutes by the District Board. In addition, the District Board should prepare, approve, and monitor all required budgetary activity including appropriations and estimated revenues, and make amendments to those items as necessary. This information provides important data necessary to manage the District and can help answer questions such as the following:

- Are current receipts sufficient to cover expenditures?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted.
- Are anticipated receipts being timely received?
- Are expenditures for a “proper public purpose”?

Officials’ Response:

We have someone who presents the county auditor’s report at most meetings; however, our minutes do not record this along with the expenditures and receipts. We will be certain to include these in future meeting records.



Mary Taylor, CPA
Auditor of State

VAN WERT COUNTY PARK DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2008**