



**Auditor of State  
Betty Montgomery**



**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

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**Auditor of State  
Betty Montgomery**

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

To the Board of Commissioners:

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

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 15, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the Five Rivers MetroParks, Montgomery County, (the MetroParks), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the MetroParks' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the MetroParks to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the MetroParks 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. The MetroParks has elected not to reformat its statements. Since this MetroPark 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 year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the MetroParks as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Five Rivers MetroParks, Montgomery County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the MetroParks to include Management's Discussion and Analysis for the year ended December 31, 2004. The MetroParks has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2005, on our consideration of the MetroParks' 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.



**Betty Montgomery**  
Auditor of State

November 15, 2005

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

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

	<u>Governmental Fund Type</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
General Property Tax - Real Estate	\$11,916,574			\$11,916,574
Tangible Personal Property Tax	2,486,494			2,486,494
Intergovernmental	2,958,077	\$403,933		3,362,010
Investment Income	889,729	15,813		905,542
Gifts, Donations, Devises & Bequests	344,587	2,000		346,587
Sales	41,316			41,316
Contracts - Services	12,265			12,265
Other Receipts	12,952	1,645		14,597
	<u>18,661,994</u>	<u>423,391</u>		<u>19,085,385</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Salaries - Employees	6,880,138			6,880,138
Supplies	285,151	4,980		290,131
Materials	617,341			617,341
Contracts - Services	1,787,704	362,366		2,150,070
Grants	267,951	2,361		270,312
Rentals	76,819	97,139		173,958
Advertising and Printing	476,631			476,631
Travel	116,460			116,460
Public Employees Retirement	847,951			847,951
Workers' Compensation	243,787			243,787
Unemployment Compensation	6,503			6,503
Capital Outlay	3,013,172		\$404,282	3,417,454
Foundation Fees		706		706
Investment Manager's Fees		22,736		22,736
Other	1,560,590	642		1,561,232
	<u>16,180,198</u>	<u>490,930</u>	<u>404,282</u>	<u>17,075,410</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>2,481,796</u>	<u>(67,539)</u>	<u>(404,282)</u>	<u>2,009,975</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		350,000	1,670,868	2,020,868
Transfers-Out	(2,019,556)	(1,312)		(2,020,868)
Refunds	1,749			1,749
Reimbursements	69,740	23,575		93,315
	<u>(1,948,067)</u>	<u>372,263</u>	<u>1,670,868</u>	<u>95,064</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	533,729	304,724	1,266,586	2,105,039
Fund Cash Balances, January 1	<u>22,136,514</u>	<u>132,054</u>	<u>460,559</u>	<u>22,729,127</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$22,670,243</u></b>	<b><u>\$436,778</u></b>	<b><u>\$1,727,145</u></b>	<b><u>\$24,834,166</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$10,532</u>	<u>\$10,532</u>

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

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Investment Income	\$55
Sales	66,626
Other Receipts	139
Total Operating Cash Receipts	66,820
<b>Operating Cash Disbursements:</b>	
Contracts - Services	76,739
Other Expenses	2,148
Total Operating Cash Disbursements	78,887
Excess of Operating Receipts Over/(Under) Operating Disbursements	(12,067)
Fund Cash Balances, January 1	18,351
<b>Fund Cash Balances, December 31</b>	<b>\$6,284</b>
Reserves for Encumbrances, December 31	\$0

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

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
General Property Tax - Real Estate	\$11,748,150			\$11,748,150
Tangible Personal Property Tax	2,583,765			2,583,765
Intergovernmental	2,463,062	\$91,999		2,555,061
Investment Income	966,386	20,493		986,879
Gifts, Donations, Devises & Bequests	12,619			12,619
Sales	42,998			42,998
Contracts - Services	9,500			9,500
Other Receipts	16,964	1,432		18,396
	<u>17,843,444</u>	<u>113,924</u>		<u>17,957,368</u>
<b>Total Cash Receipts</b>				
	<u>17,843,444</u>	<u>113,924</u>		<u>17,957,368</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries - Employees	6,627,703			6,627,703
Supplies	277,944	1,200		279,144
Materials	562,624			562,624
Contracts - Services	1,323,711			1,323,711
Grants	277,199	420		277,619
Rentals	85,730			85,730
Advertising and Printing	494,282			494,282
Travel	110,376			110,376
Public Employees Retirement	803,583			803,583
Workers' Compensation	339,740			339,740
Unemployment Compensation	4,284			4,284
Capital Outlay	2,884,836		\$178,921	3,063,757
Foundation Fees		474		474
Investment Manager's Fees		432		432
Other	1,635,927	3,057		1,638,984
	<u>15,427,939</u>	<u>5,583</u>	<u>178,921</u>	<u>15,612,443</u>
<b>Total Cash Disbursements</b>				
	<u>15,427,939</u>	<u>5,583</u>	<u>178,921</u>	<u>15,612,443</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>2,415,505</u>	<u>108,341</u>	<u>(178,921)</u>	<u>2,344,925</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			396,387	396,387
Transfers-Out	(396,387)			(396,387)
Refunds	10,283			10,283
Reimbursements	146,123			146,123
	<u>(239,981)</u>		<u>396,387</u>	<u>156,406</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
	<u>(239,981)</u>		<u>396,387</u>	<u>156,406</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>2,175,524</u>	<u>108,341</u>	<u>217,466</u>	<u>2,501,331</u>
<b>Fund Cash Balances, January 1 (See Note 2)</b>	<u>19,960,990</u>	<u>23,713</u>	<u>243,093</u>	<u>20,227,796</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$22,136,514</u></u>	<u><u>\$132,054</u></u>	<u><u>\$460,559</u></u>	<u><u>\$22,729,127</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$11,713</u></u>	<u><u>\$11,713</u></u>

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

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Investment Income	\$55
Sales	73,974
Total Operating Cash Receipts	74,029
<b>Operating Cash Disbursements:</b>	
Contracts - Services	76,312
Other Expenses	2,122
Total Operating Cash Disbursements	78,434
Excess of Operating Receipts Over/(Under) Operating Disbursements	(4,405)
Fund Cash Balances, January 1	22,756
<b>Fund Cash Balances, December 31</b>	<b>\$18,351</b>
Reserves for Encumbrances, December 31	\$0

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

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Five Rivers MetroParks, Montgomery County, (the MetroParks) as a body corporate and politic. The probate judge of Montgomery County appoints a three member Board of Commissioners to govern the District. The MetroParks acquires land for conversion into forest reserves and for the conservation of the 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 same as the Board deems conducive to the general welfare.

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

**B. Basis of Accounting**

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

These statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

**C. Cash and Investments**

As permitted by the Ohio Revised Code, the Montgomery County Treasurer holds the MetroParks cash as custodian for the MetroParks. The MetroParks assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**RiverScape Replacement Reserve Fund** – The Fund received proceeds from various local governments. The proceeds are being used to fund various improvement projects at the RiverScape MetroPark.

**3. Capital Project Fund**

This fund is 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 MetroParks had the following Capital Project Fund:

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

**4. Enterprise Fund**

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The MetroParks had the following significant Enterprise Fund:

**Riverscape River Rentals Fund** - This fund is used to account for charges for services to provide a recreational facility for the general public.

**E. Budgetary Process**

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

**1. Appropriation**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 5.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. CHANGE IN PRESENTATION**

For the years ended December 31, 2004 and 2003 the MetroParks presented the Five Rivers MetroParks Fund (Non-expendable trust fund in 2002) and Five Rivers MetroParks Marketing Fund (Expendable Trust Fund in 2002) as Special Revenue funds, as it was determined that the resources in these Funds were not restricted by legally binding trust agreements.

Additionally a prior period adjustment in amount of \$6,795 was made to the 2003 beginning fund balance of Five Rivers MetroParks Fund to correct the change in interest income receipts reported in years 2002 and 2001.

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The MetroParks maintains a cash and investments pool used by the Enterprise Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	\$6,284	\$18,351

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

**4. INVESTMENTS ON DEPOSIT WITH DAYTON FOUNDATION**

At December 31, 2004 and 2003, the MetroParks had investment accounts totaling \$209,406 and \$149,396 respectively, which have been deposited with the Dayton Foundation Depository (the Depository). The Depository is a Donor-Directed tax-exempt organization. Such securities are not eligible for investment of public funds of the MetroParks under Ohio Revised Code, Section 135. Agreements with other agencies require these funds to be deposited with the Dayton Foundation.

The County is the MetroParks fiscal agent for all other funds not previously described in notes 3 or 4.

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

**2004 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$19,098,899	\$18,733,483	(\$365,416)
Special Revenue		796,966	796,966
Capital Projects	1,266,586	1,670,868	404,282
Enterprise		66,820	66,820
Total	<u>\$20,365,485</u>	<u>\$21,268,137</u>	<u>\$902,652</u>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$21,445,120	\$18,199,754	\$3,245,366
Special Revenue	670,813	492,242	\$178,571
Capital Projects	11,713	414,814	(\$403,101)
Enterprise	108,256	78,887	\$29,369
Total	<u>\$22,235,902</u>	<u>\$19,185,697</u>	<u>\$3,050,205</u>

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$18,102,359	\$17,999,850	(\$102,509)
Special Revenue		113,924	113,924
Capital Projects	396,387	396,387	
Enterprise		74,029	74,029
Total	<u>\$18,498,746</u>	<u>\$18,584,190</u>	<u>\$85,444</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$21,407,246	\$15,824,326	\$5,582,920
Special Revenue	5,295	5,583	(288)
Capital Projects	3,278	190,634	(187,356)
Enterprise		78,434	(78,434)
Total	<u>\$21,415,819</u>	<u>\$16,098,977</u>	<u>\$5,316,842</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds: Fiscal year 2004; Construction Fund \$403,101; Five Rivers MetroParks Fund \$22,082 and Five Rivers Marketing Fund \$362. Fiscal year 2003; RiverScape Replacement Reserve fund \$503; Construction Fund \$187,356; River Rentals Fund \$78,434; Five Rivers MetroParks Fund \$403 and Five Rivers Marketing Fund \$420.

Additionally, the following funds had appropriations in excess of the amount certified as available by the board: Fiscal year 2004; Island & River MetroParks Program \$501,930; RiverScape Replacement Reserve Fund \$39,591 and River Rentals \$89,905. Fiscal year 2003: MetroParks Law Enforcement Fund \$5,295.

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Park Commissioners. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the MetroParks.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the MetroParks.

**7. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution. For 2004 and 2003, OPERS members in classifications other than law enforcement and public safety contributed 8.5% of their gross salaries. Members in law enforcement classifications, for MetroParks which consists generally of park rangers, contributed 10.1% of their gross salaries. The MetroParks contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2004. The MetroParks has paid all contributions required through December 31, 2004.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The MetroParks has obtained commercial insurance for the following risks:

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

**9. CONTINGENT LIABILITIES**

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

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## Auditor of State Betty Montgomery

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

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

To the Board of Commissioners:

We have audited the financial statements of the Five Rivers MetroParks, Montgomery County, (the MetroParks), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 15, 2005, wherein we noted the MetroParks followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the MetroParks' internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the MetroParks' management dated November 15, 2005, we reported matters involving internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the MetroParks' financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-004. In a separate letter to the MetroParks' management dated November 15, 2005, we reported other matters related to noncompliance we deemed immaterial.

Five Rivers MetroParks  
Montgomery County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

November 15, 2005

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.36** allows the Park District to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The Park District failed to obtain an amended certificate of estimated resources with proper modifications. In 2003, only the general and construction funds were included on the certificate of estimated resources, yet most other funds also received revenues. In 2004, only the general and construction funds included estimated receipts on the certificate of estimated resources, yet most other funds also received revenues. Amended certificates of estimated resources should be obtained upon determination that such revenues will be received, appropriated and spent.

**FINDING NUMBER 2004-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.39** states the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Appropriations exceeded estimated resources in the following funds during 2004:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Island & River MetroParks Program	\$501,930	\$ 0	(\$501,930)
River Rentals	108,256	18,351	( 89,905)
RiverScape Replacement Reserve Fund	167,283	127,692	( 39,591)

Appropriations exceeded estimated resources in the following funds during 2003:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
MetroParks Law Enforcement Fund	\$5,295	\$ 0	(\$5,295)

The Park District should monitor appropriations and estimated resources for each fund and request amended certificates of estimated resources when appropriate.

**FINDING NUMBER 2004-003**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(B)** states no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations in the following funds in 2004:

<b>Fund</b>	<b>Expenditures Plus Encumbrances</b>	<b>Appropriations</b>	<b>Variance</b>
Construction Fund	\$414,814	\$11,713	(\$403,101)
Five Rivers MetroParks Fund	22,082	0	( 22,082)
Five Rivers Marketing Fund	362	0	( 362)

In 2003, expenditures plus encumbrances exceeded appropriations in the following funds:

<b>Fund</b>	<b>Expenditures Plus Encumbrances</b>	<b>Appropriations</b>	<b>Variance</b>
Construction Fund	\$190,634	\$3,278	(\$187,356)
River Rentals Fund	78,434	0	( 78,434)
Five Rivers MetroParks Fund	403	0	( 403)
Five Rivers Marketing Fund	420	0	( 420)
Riverscape Replacement Reserve Fund	0	503	( 503)

The Park District should monitor their budgetary activity to ensure that expenditures plus encumbrances do not exceed appropriations. When deemed necessary, appropriation modifications should be approved by the Board. In addition, all funds in which the Park District intends to spend money from, should have such funds appropriated.

**FINDING NUMBER 2004-004**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)**, states that no contract shall be entered into, and no order shall be issued, involving the expenditure of money unless the accounting officer of the district first certifies that the amount required to meet the expenditure or, in the case of a continuing contract to be performed in whole or in part in a subsequent fiscal year, the amount required to meet the contract in the year in which the contract is made has been lawfully appropriated for the purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from previous encumbrances. Accounts shall be kept in such form as to show at all times the true condition of each appropriation. Ohio Revised Code does allow the following exceptions to the 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 (\$1,000 prior to April 7, 2003) 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.

**FINDING NUMBER 2004-004**  
**(Continued)**

2. **Blanket certificate:** Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. (HB 95, effective 9-25-03, eliminated the \$5,000 and 3 month restrictions). 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 one line item appropriation.

The District did not properly certify the availability of funds prior to purchase commitment for \$1,571,515 or 40.5% of the expenditures tested and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in misappropriation of monies and negative cash fund balances. 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 that the District’s funds will exceed budgetary spending limitations, we recommend that the District’s Business Manager certify that the funds are or will be available prior to the obligation by the District. When prior certification is not possible, “then and now” certification should be used. We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) is required to authorize disbursements. The Business Manager should sign the certification prior to the District incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The Business Manager should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	Ohio Rev. Code Section 5705.41(D) - Proper certification of expenditures	No	Repeated as finding number 2004-004
2002-002	Ohio Rev. Code Section 5705.39 - Appropriations in excess of estimated revenue	No	Repeated as finding number 2004-002
2002-003	Ohio Rev. Code Section 5705.41 (B) – Expenditures in excess of appropriations	No	Repeated as finding number 2004-003



**Auditor of State  
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**FIVE RIVERS METROPARKS  
MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 30, 2005**