



**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31 2005 AND 2004**



**Auditor of State  
Betty Montgomery**



**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

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**Auditor of State  
Betty Montgomery**

Ada War Memorial Park District  
Hardin County  
P.O. Box 228  
Ada, Ohio 45810

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

July 24, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Ada War Memorial Park District  
Hardin County  
P.O. Box 228  
Ada, Ohio 45810

To the Board of Commissioners:

We have audited the accompanying financial statements of the Ada War Memorial Park District, Hardin County, (the "District"), as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District, as of December 31, 2005 and 2004, and its 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 District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 July 24, 2006, 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 24, 2006

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
General Property Tax - Real Estate	\$116,603		\$116,603
Tangible Personal Property Tax	24,076		24,076
Grants	1,000		1,000
Investment Income	254		254
Gifts and Donations	2,660		2,660
Fees	16,044		16,044
Intergovernmental	18,502	11,222	29,724
Trust	3,377		3,377
Other Receipts	7,466		7,466
	<u>189,982</u>	<u>11,222</u>	<u>201,204</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries - Employees	27,920		27,920
Supplies	25,516		25,516
Health Insurance	12,502		12,502
Property Insurance	7,241		7,241
Equipment	6,498		6,498
Contracts - Services		11,222	11,222
Contracts - Repair	1,823		1,823
Utilities	10,720		10,720
Auditor Fees	4,067		4,067
Advertising and Printing	80		80
Public Employees Retirement	6,718		6,718
Workers' Compensation	1,641		1,641
Capital Improvement	23,149		23,149
Capital Equipment	33,330		33,330
Debt:			
Payment of Principal	18,020		18,020
Payment of Interest	1,980		1,980
Other	1,209		1,209
	<u>182,414</u>	<u>11,222</u>	<u>193,636</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over Disbursements	7,568		7,568
Fund Cash Balances, January 1	41,905		41,905
<b>Fund Cash Balances, December 31</b>	<u>\$49,473</u>	<u>\$0</u>	<u>\$49,473</u>

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

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Cash Receipts:</b>	
General Property Tax - Real Estate	\$110,320
Tangible Personal Property Tax	25,349
Investment Income	4
Gifts and Donations	412
Fees	14,778
Intergovernmental	18,291
Trust	3,557
Other Receipts	<u>3,931</u>
Total Cash Receipts	<u>176,642</u>
<b>Cash Disbursements:</b>	
Current:	
Salaries - Employees	24,835
Supplies	27,424
Health Insurance	7,574
Property Insurance	6,923
Equipment	2,437
Contracts - Repair	414
Utilities	10,323
Advertising and Printing	242
Public Employees Retirement	5,046
Workers' Compensation	1,888
Auditor Fees	6,568
Capital Improvement	27,500
Capital Equipment	9,829
Debt:	
Payment of Principal	35,610
Payment of Interest	3,247
Land Payment	4,500
Other	<u>1,684</u>
Total Cash Disbursements	<u>176,044</u>
Total Receipts Over Disbursements	598
Fund Cash Balance, January 1	<u>41,307</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$41,905</u></u>

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

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ada War Memorial Park District, Hardin County, (the "District"), as a body corporate and politic. The probate judge of Hardin 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. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The 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**

The Park District does not have any investments. All money is maintained in an interest bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. During 2005, the District had the following Special Revenue Fund:

The FEMA Fund accounts for grant money received to reimburse the District for expenses incurred as a result of storm damage.

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2005  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires the Board of Commissioners to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. Appropriations lapse at year end.

**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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**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. EQUITY IN POOLED CASH**

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

	2005	2004
Demand deposits	<u>\$49,473</u>	<u>\$41,905</u>

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

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$213,004	\$189,982	(\$23,022)
Special Revenue	11,222	11,222	0
Total	\$224,226	\$201,204	(\$23,022)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$213,004	\$182,414	\$30,590
Special Revenue	11,222	11,222	0
Total	\$224,226	\$193,636	\$30,590

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$207,035	\$176,642	(\$30,393)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,035	\$176,044	\$35,991

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Park Commissioners adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Property owners assess tangible personal property tax. They must file a list of this property to the County by each April 30.

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2005  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. DEBT**

Debt outstanding at December 31, 2005:

	Principal	Interest Rate
Promissory Note - January 2000	\$23,911	5.25%

The District issued a promissory note on January 31, 2000, in the amount of \$120,000 for park improvements. This note matures September 15, 2009. Interest and principal are due semi-annually to Liberty National Bank. The amortization schedule below is through 2007 since the District has been making additional debt payments.

The District issued a promissory note to National Bank and Trust on June 5, 2003, in the amount of \$40,000 for park improvements. This note matured on June 5, 2008; however, the District paid this note off on November 16, 2004.

The District issued a promissory note to National Bank and Trust on October 14, 2003, in the amount of \$5,000 to purchase a truck. This note matured on April 14, 2004; however, the District paid this note off on January 20, 2004.

Amortization of the above debt, including interest, is scheduled as follows:

	Promissory Note - January 2000
Year ending December 31:	
2006	\$13,098
2007	12,379
Total	\$25,477

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2005  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

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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***

Ada War Memorial Park District  
Hardin County  
P.O. Box 228  
Ada, Ohio 45810

To the Board of Commissioners:

We have audited the financial statements of the Ada War Memorial Park District, Hardin County, (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 24, 2006, 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 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 District's management dated July 24, 2006, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

**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 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 2005-001 and 2005-002. In a separate letter to the District's management dated July 24, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Ada War Memorial Park District  
Hardin 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 Commissioners. It is not intended for anyone other than these specified parties.

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**Betty Montgomery**  
Auditor of State

July 24, 2006

**ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2005-001**

**Noncompliance Citation**

**The Ada War Memorial Park Board Park Manager Contract dated February 20, 2005**, stated that the benefits would include "family medical insurance plan including half of \$3,000 deductible in the amount of \$1,500". During 2005, the Park District paid deductibles and co-pays for the Park Managers wife in the amount of \$3,422. As a result, the Park District overpaid medical bills in the amount of \$1,922 (\$3,422 - \$1,500).

At the July 17, 2006 Board Meeting, the Board passed a retroactive resolution clarifying that their intent was to pay all of the deductibles and co-pays back to March 1, 2004.

The Park District should implement controls to help assure compliance with contracts and to help assure that any intended contract modifications are documented in an addendum in a new contract and appropriately reflected in the minutes.

**FINDING NUMBER 2005-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.09** requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. **Auditor of State Bulletin 98-013** outlined the procedures for the treatment of money received from the Federal Emergency Management Agency (FEMA). During 2005, the Park District failed to establish a separate fund to account for a FEMA grant in the amount of \$11,222.

The Park District should implement controls to help assure the proper accountability of restricted revenues.

**OFFICIALS' RESPONSE**

We did not receive responses from Officials to these findings.

ADA WAR MEMORIAL PARK DISTRICT  
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2003-01	ORC Sec. 5705.41(B) – Expenditures exceeded appropriations	No	Repeated in Management Letter



**Auditor of State  
Betty Montgomery**

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**ADA WAR MEMORIAL PARK DISTRICT**

**HARDIN 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  
AUGUST 31, 2006**