



**Auditor of State
Betty Montgomery**

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

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**Auditor of State
Betty Montgomery**

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 and each major fund of the Guernsey County Park District, Guernsey County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, 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 accompanying financial statements and notes follow the cash accounting basis. 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, 2005 and 2004, 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 years ended December 31, 2005 and 2004, 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 May 23, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. 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.

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

Betty Montgomery
Auditor of State

May 23, 2006

Guernsey County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
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, 2005 and December 31, 2004, 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 2004 and 2005 are as follows:

Net assets of governmental activities in 2005 decreased \$183, or 4.9 percent, an insignificant change from the prior year. The fund affected by the decrease 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 2005 changed very little compared to 2004, with one exception. The District did receive a Nature Works grant reimbursement for a capital project, construction of a stage, completed in 2004.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District'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 funds are the General Fund and Capital Projects 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.

Guernsey County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

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 a basis of accounting 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.

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 District as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the District performed financially during 2004 and 2005, 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 not.

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 District'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 funds are the General Fund and Capital Projects Fund.

Guernsey County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

The District as a Whole

Table 1 provides a summary of the District's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$3,486	\$3,669
Total Assets	\$3,486	\$3,669
Net Assets		
Unrestricted	\$3,486	\$3,669
Total Net Assets	\$3,486	\$3,669

As mentioned previously, net assets of governmental activities decreased \$183 or 4.9 percent from 2004 to 2005. The primary reason contributing to the decreases in cash balances were decreases in revenue.

Table 2 reflects the changes in net assets in 2004 and 2005.

Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Change
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$10,200	\$12,700	(\$2,500)
Capital Grants and Contributions	2,401	15,338	(12,937)
Total Program Receipts	12,601	28,038	(15,437)
Total Receipts	12,601	28,038	(15,437)
Disbursements:			
General Government	7,384	9,784	(2,400)
Capital Outlay	5,400	17,816	(12,416)
Total Disbursements	12,784	27,600	(14,816)
Increase (Decrease) in Net Assets	(183)	438	(621)
Net Assets Beginning of Year	3,669	3,231	438
Net Assets End of Year	\$3,486	\$3,669	(\$183)

Guernsey County Park District
Management's Discussion and Analysis
For the Years Ended December 31, 2005 and 2004
Unaudited

Program receipts represent 100% percent 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 and the Capital Projects Fund. A review of these funds indicates a relatively small change in 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.

During 2004 and 2005, the District should have amended its appropriations to reflect the receipt and expenditure of funds for capital projects within the District.

Capital Assets

The District 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 Government's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the District'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

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,486</u>
<i>Total Assets</i>	<u><u>\$3,486</u></u>
Net Assets	
Unrestricted	<u>\$3,486</u>
<i>Total Net Assets</i>	<u><u>\$3,486</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, 2005

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government:				
Purchased & Contract Services	\$7,144	\$	\$7,144	\$0
Supplies	240		240	0
Capital Outlay	5,400		2,816	(183)
<i>Total Governmental Activities</i>	<u>\$12,784</u>	<u>\$0</u>	<u>\$10,200</u>	<u>(183)</u>
				(183)
				<u>3,669</u>
				<u>\$3,486</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

December 31, 2005

	General	Capital Projects	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,486		\$3,486
<i>Total Assets</i>	<u>\$3,486</u>	<u>\$0</u>	<u>\$3,486</u>
Fund Balances			
Unreserved:			
Undesignated, Reported in:			
General Fund	\$3,486		\$3,486
<i>Total Fund Balances</i>	<u>\$3,486</u>	<u>\$0</u>	<u>\$3,486</u>

See accompanying notes to the basic financial statements.

Guernsey County Park District, Guernsey County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Capital Projects	Total Governmental Funds
Cash Receipts			
Intergovernmental	\$10,200	\$2,401	\$12,601
<i>Total Receipts</i>	<u>10,200</u>	<u>2,401</u>	<u>12,601</u>
Disbursements			
Current:			
General Government	7,384		7,384
Capital Outlay	2,999	2,401	5,400
<i>Total Disbursements</i>	<u>10,383</u>	<u>2,401</u>	<u>12,784</u>
<i>Net Change in Fund Balances</i>	(183)	0	(183)
<i>Fund Balances Beginning of Year</i>	<u>3,669</u>	<u>0</u>	<u>3,669</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,486</u></u>	<u><u>\$0</u></u>	<u><u>\$3,486</u></u>

See accompanying notes to the basic financial statements.

Guernsey County Park District, Guernsey County

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Local Government Contributions	<u>\$10,200</u>	<u>\$10,200</u>	<u>\$10,200</u>	<u>\$0</u>
<i>Total Receipts</i>	<u>10,200</u>	<u>10,200</u>	<u>10,200</u>	<u>0</u>
Disbursements				
Current:				
Purchased & Contract Services	7,144	7,144	7,144	0
Supplies	240	240	240	0
Capital Outlay	<u>6,485</u>	<u>6,485</u>	<u>2,999</u>	<u>3,486</u>
<i>Total Disbursements</i>	<u>13,869</u>	<u>13,869</u>	<u>10,383</u>	<u>3,486</u>
<i>Net Change in Fund Balance</i>	(3,669)	(3,669)	(183)	3,486
<i>Fund Balance Beginning of Year</i>	<u>3,669</u>	<u>3,669</u>	<u>3,669</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$3,486</u>	<u>\$3,486</u>

See accompanying notes to the basic financial statements.

Guernsey County Park District, Guernsey County

Statement of Net Assets - Cash Basis

December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,669</u>
<i>Total Assets</i>	<u><u>\$3,669</u></u>
Net Assets	
Unrestricted	<u>\$3,669</u>
<i>Total Net Assets</i>	<u><u>\$3,669</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, 2004

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
			Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government:				
Purchased & Contract Services	\$9,437	\$	\$9,437	\$0
Supplies	347		347	0
Capital Outlay	17,816		2,916	438
<i>Total Governmental Activities</i>	<u>\$27,600</u>	<u>\$0</u>	<u>\$12,700</u>	<u>438</u>
				438
				<u>3,231</u>
				<u>\$3,669</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

December 31, 2004

	General	Capital Projects	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,669		\$3,669
<i>Total Assets</i>	<u>\$3,669</u>	<u>\$0</u>	<u>\$3,669</u>
Fund Balances			
Unreserved:			
Undesignated, Reported in:			
General Fund	\$3,669		\$3,669
<i>Total Fund Balances</i>	<u>\$3,669</u>	<u>\$0</u>	<u>\$3,669</u>

See accompanying notes to the basic financial statements.

Guernsey County Park District, Guernsey County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2004

	General	Capital Projects	Total Governmental Funds
Cash Receipts			
Intergovernmental	\$12,700	\$	\$12,700
Grants		15,338	15,338
<i>Total Receipts</i>	<u>12,700</u>	<u>15,338</u>	<u>28,038</u>
Disbursements			
Current:			
General Government	9,784		9,784
Capital Outlay	2,478	15,338	17,816
<i>Total Disbursements</i>	<u>12,262</u>	<u>15,338</u>	<u>27,600</u>
<i>Net Change in Fund Balances</i>	438	0	438
<i>Fund Balances Beginning of Year</i>	<u>3,231</u>	<u>0</u>	<u>3,231</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,669</u></u>	<u><u>\$0</u></u>	<u><u>\$3,669</u></u>

See accompanying notes to the basic financial statements.

Guernsey County Park District, Guernsey County

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local Government Contributions	<u>\$10,200</u>	<u>\$10,200</u>	<u>\$12,700</u>	<u>\$2,500</u>
<i>Total Receipts</i>	<u>10,200</u>	<u>10,200</u>	<u>12,700</u>	<u>2,500</u>
Disbursements				
Current:				
Purchased & Contract Services	9,437	9,437	9,437	0
Supplies	347	347	347	0
Capital Outlay	<u>3,647</u>	<u>3,647</u>	<u>2,478</u>	<u>1,169</u>
<i>Total Disbursements</i>	<u>13,431</u>	<u>13,431</u>	<u>12,262</u>	<u>1,169</u>
<i>Net Change in Fund Balance</i>	(3,231)	(3,231)	438	3,669
<i>Fund Balance Beginning of Year</i>	<u>3,231</u>	<u>3,231</u>	<u>3,231</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$3,669</u>	<u>\$3,669</u>

See accompanying notes to the basic financial statements.

Guernsey County Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004

Note 1 – Description of the Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Guernsey County Park District, Guernsey County (the District), as a body corporate and politic. 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 basic 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.

Note 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 most 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.

Government-Wide Financial Statements: The statement of net assets and the statement of activities display information about the District as a whole.

Guernsey County Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 and receipts of interest earned on grants that is required to be used to support 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.

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.

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.

Capital Projects Fund – This fund expends dollars for capital outlay, using intergovernmental receipts such as grants or contributions from other governmental entities, like Jackson Township or Guernsey County.

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

Guernsey County Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 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 are 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 appropriation resolution, and the certificate of estimated resources, 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 appropriation resolution is the District's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the District. The legal level of control has been established by the District at the fund/function level for all funds.

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 the original budgeted amounts on the budgetary statement reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriation 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 over 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 and cash equivalents 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. The District does not have restricted assets.

G. Inventory and Prepaid Items

The District reports disbursements 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
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 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.

Note 3 – Change 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 District has reclassified activity related to its various construction or capital-related projects within its own Capital Projects Fund as opposed to reporting all activity within one fund. 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.

Note 4 - Compliance

The Board did not approve an operating budget for 2005 or 2004.

Budgetary expenditures exceeded appropriation authority in the Capital Projects Fund by \$15,338 and \$2,401 for the years ended December 31, 2005 and 2004, respectively.

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

Guernsey County Park District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2005 and 2004
(Continued)

Note 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. In 2004, a Natureworks Grant payment was received through the Community Development Council, as reimbursement for a capital project - construction of a stage.

Note 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.

Note 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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**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***

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

To the Board of Park Commissioners:

We have audited the financial statements of the governmental activities and each major fund of the Guernsey County Park District, Guernsey County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 23, 2006, wherein we noted the District revised its financial presentation comparable to the requirements of Governmental Accounting 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 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 in order to express our opinions on the basic 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.

Compliance and Other Matters

As part of reasonably assuring whether the District's basic 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.

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Guernsey County Park District
Guernsey 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 the Board of Trustees. 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

May 23, 2006

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

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

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.28 (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 Rev. Code Section 5705.28 (B)(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 Rev. Code Section 5705.28(B)(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 Rev. Code Section 5705.28(B)(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.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

The following fund had budgetary expenditures in excess of appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
2005:			
Capital Projects Fund	\$0	\$15,338	(\$15,338)
2004:			
Capital Projects Fund	\$0	\$2,401	(\$2,401)

Failure to limit appropriations to the amounts approved by the District Board could result in overspending and negative cash balances.

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004
(Continued)**

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

**FINDING NUMBER 2005-002
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend the District Clerk monitor all fund expenditures to ensure expenditures remain within their respected budgeted amounts. The District Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The District Board should review appropriation balances each month and approve appropriation amendments as needed, prior to expending funds in excess of existing appropriations.

We did not receive a response from the Officials to the findings reported above.

**GUERNSEY COUNTY PARK DISTRICT
GUERNSEY 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; <i>Explain</i>
2003-001	Ohio Rev. 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. 2005-001.
2003-002	Ohio Rev. Code Section 5705.38 (A) provides that, on or about the first day of each year, the taxing authority shall pass an appropriation resolution.	Yes	N/A.
2003-003	Ohio Rev. Code Section 5705.41 (B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.	No	Not Corrected; Reissued as Finding No. 2005-002.
2003-004	Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto.	Yes	N/A.



**Auditor of State
Betty Montgomery**

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**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
JUNE 29, 2006**