



**MARION COUNTY PARK DISTRICT
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



**Auditor of State
Betty Montgomery**

MARION COUNTY PARK DISTRICT
MARION COUNTY

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**Auditor of State
Betty Montgomery**

Marion County Park District
Marion County
222 West Center Street
Marion, Ohio 43302

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 District 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 11, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Marion County Park District
Marion County
222 West Center Street
Marion, Ohio 43302

To the Board of Commissioners:

We have audited the accompanying financial statements of the Marion County Park District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2005, and December 31, 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 December 31, 2004. While the District does not follow GAAP, auditing standards generally accepted in the United States of America require 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 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 District as of December 31, 2005, and December 31, 2004, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Marion County Park District, Marion County, Ohio, as of December 31, 2005, and December 31, 2004, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2, during the year ended December 31, 2004, the District restated the beginning fund balance in the Capital Projects Fund related to a capital projects grant that was originally recorded in the General Fund during the year ended December 31, 2001.

The aforementioned revision to accounting principles generally accepted in the United States of America also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005, and December 31, 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 11, 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.



Betty Montgomery
Auditor of State

July 11, 2006

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$15,000	\$0	\$15,000
Reimbursements	22,035	0	22,035
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,035	0	37,035
Cash Disbursements:			
Salaries	21,373	0	21,373
Supplies	462	0	462
Equipment	3,120	0	3,120
Contract Services	28,159	0	28,159
Medicare	307	0	307
Insurance	1,359	0	1,359
Public Employees Retirement	2,805	0	2,805
Workers' Compensation	54	0	54
Other	881	0	881
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,520	0	58,520
Total Receipts Over/(Under) Disbursements	(21,485)	0	(21,485)
Fund Cash Balances, January 1	41,193	90,000	131,193
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$19,708</u>	<u>\$90,000</u>	<u>\$109,708</u>
Reserves for Encumbrances, December 31	<u>\$4,185</u>	<u>\$0</u>	<u>\$0</u>

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

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$20,000	\$0	\$20,000
Reimbursements	0	0	0
Total Cash Receipts	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Cash Disbursements:			
Salaries	15,528	0	15,528
Supplies	571	0	571
Equipment	0	0	0
Contract Services	2,066	0	2,066
Medicare	199	0	199
Insurance	8,028	0	8,028
Public Employees Retirement	2,077	0	2,077
Workers' Compensation	118	0	118
Other	2,193	0	2,193
Total Cash Disbursements	<u>30,780</u>	<u>0</u>	<u>30,780</u>
Total Receipts Over/(Under) Disbursements	(10,780)	0	(10,780)
Fund Cash Balances, January 1 (Restated See Note 2)	<u>51,973</u>	<u>90,000</u>	<u>141,973</u>
Fund Cash Balances, December 31	<u>\$41,193</u>	<u>\$90,000</u>	<u>\$131,193</u>
Reserves for Encumbrances, December 31	<u>\$11,564</u>	<u>\$0</u>	<u>\$0</u>

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

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Marion County Park District, Marion County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Commissioners appointed by the probate judge of Marion County. The District acquires lands 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 Prairie Park Foundation, Inc. (the Foundation) is a component unit of the District. It is a not for profit organization that provides financial support in the form of donations to the Park District. The Foundation's stated intent is to operate for the benefit of the Park District. The Trustees of the District are also the Trustees of the Foundation. The Foundation's financial information is not included in the accompanying financial statements. Financial information can be obtained from the Marion County Park District Director, Karen Kelley, 222 West Center Street, Marion, Ohio 43302.

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. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

As the Ohio Revised Code requires, the Marion County Treasurer is the custodian of the District's monies. The County holds the District's assets in its cash and investment pool, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its 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.

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Capital Projects Fund

This fund accounts for receipts restricted for acquiring or constructing major capital projects.

Park Building Construction Fund - This fund received a grant to build a nature instructional facility called the Gateway Center.

E. Budgetary Process

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

3. Encumbrances

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

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.

G. Unpaid Vacation and Sick 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.

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

2. RESTATEMENT OF FUND CASH BALANCE

In fiscal year 2001, the District received a capital project grant restricted for the building of a nature instructional facility. The grant was originally recorded in the District's General Fund. In fiscal year 2004, the District restated the \$90,000 grant balance into the Capital Projects Fund.

	General Fund	Capital Projects Fund
Fund Cash Balance December 31, 2003	\$141,973	\$0
Grant Restatement	(90,000)	90,000
Restated Fund Cash Balance December 31, 2003	\$51,973	\$90,000

3. BUDGETARY ACTIVITY

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

2005 Budgeted vs. Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$37,035	\$37,035	\$0
Capital Projects	\$0	\$0	\$0

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,804	\$62,705	\$12,099
Capital Projects	\$0	\$0	\$0

2004 Budgeted vs. Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$20,000	\$20,000	\$0
Capital Projects	\$0	\$0	\$0

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,765	\$42,344	\$4,421
Capital Projects	\$0	\$0	\$0

**MARION COUNTY PARK DISTRICT
MARION COUNTY**

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

4. RETIREMENT SYSTEM

The District's employee belongs 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.

5. RISK MANAGEMENT

Commercial Insurance

The County obtains commercial insurance on behalf of the District for the following risks:

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

6. SUBSEQUENT EVENTS

On April 13, 2006, the County advanced \$20,000 to the District to be repaid by January 2008.



**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***

Marion County Park District
Marion County
222 West Center Street
Marion, Ohio 43302

To the Board of Commissioners:

We have audited the financial statements of the Marion County Park District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2005, and December 31, 2004, and have issued our report thereon dated July 11, 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 and the District restated beginning fund balances. 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 11, 2006, we reported an other 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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We intend this report solely for the information and use of the audit committee, management and the Board of 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

July 11, 2006



**Auditor of State
Betty Montgomery**

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MARION COUNTY PARK DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 12, 2006**