



**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Centerville-Washington Park District
Montgomery County
221 North Main Street
Centerville, Ohio 45459

To the Board of Commissioners:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Centerville-Washington Park District, Montgomery County, (the District), as of and for the year ended December 31, 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 1, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 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 November 14, 2005, 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

November 14, 2005

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)**

This discussion and analysis of the Centerville-Washington Park District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2004, within the limitations of the District's modified 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 are as follows:

Net assets of governmental activities decreased \$192,483 or 6.1%, primarily due to various capital projects ensued by the District during 2004

The District's general receipts are primarily property taxes. Property tax receipts for 2004 increased 1.7% over 2003 due to new development within the District.

The balance in the District's unrestricted net assets and General Fund decreased primarily due to planned transfers to the Park Improvement Fund for the development of Oak Grove Park.

The balance in the District's land acquisition funds continued to grow with transfers from the General Fund ensure adequate funds for future planned land acquisitions.

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 modified 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. 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 district-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)
(Continued)**

As a result of using the modified 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 modified cash basis of accounting.

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments 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 charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure 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 deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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 many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds are the General Fund, Park Improvement Fund, Land Acquisition Fund, and Debt Service Fund. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is normally combined and presented in total in a single column. However, the District's only non-major fund is the Washington Township Park Fund and is presented as named on the financial statements. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds – The fiduciary fund is used to account for resources held for the benefit of parties outside the District. The fiduciary fund is not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs. The District's only trust fund accounts for monies donated by the William and Dorothy Yeck Family Foundation to be used for funding various park and park improvement projects as approved by the trust.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for 2004 compared to 2003 on a modified cash basis:

	Net Assets	
	Governmental Activities 2004	Governmental Activities 2003
Assets		
Cash and Cash Equivalents	\$2,981,165	\$3,173,648
Net Assets		
Restricted for:		
Capital Projects	2,415,669	2,212,841
Unrestricted	565,496	960,807
Total Net Assets	\$2,981,165	\$3,173,648

As mentioned previously, net assets of governmental activities decreased \$192,483 during 2004. A decrease in the District's general fund balance is primarily due to planned transfers to the park improvement fund for the development of Oak Grove Park. An increase in the restricted net assets reflect annual transfers from the general fund.

Table 2 reflects the changes in net assets during 2004. Since the District did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)
(Continued)**

**(Table 2)
Changes in Net Assets**

	Governmental Activities 2004
Receipts:	
Program Receipts:	
Charges for Services	\$67,386
Operating Grants and Contributions	7,041
Capital Grants and Contributions	76,822
Total Program Receipts	151,249
General Receipts:	
General Property Tax	2,264,468
Intergovernmental Revenue	332,949
Gifts and Donations	2,386
Depository Interest	36,926
Other Receipts	19,600
Total General Receipts	2,656,329
Total Receipts	2,807,578
Disbursements:	
Salaries - Employees	1,103,573
Improvements	85,664
Operations	312,208
Equipment	128,927
Professional Services	12,985
Utilities & Fees	163,791
Office Operations	64,221
Program/Recreation	32,375
Capital Outlay	540,774
Public Employees Retirement	131,218
Workers' Compensation	22,837
Unemployment compensation	
Other	15,884
Payment of Principal on Debt	335,000
Payment of Interest on Debt	50,310
Total Disbursements	2,999,767
Excess (Deficiency) Before Transfers	(192,189)
Transfers	(294)
Increase (Decrease) in Net Assets	(192,483)
Net Assets, January 1, 2004	3,173,648
Net Assets, December 31, 2004	\$2,981,165

Program receipts represented only 5.4 percent of total receipts. Charges for services, 2.4 percent of total receipts, were primarily comprised of fees for camps, tennis lessons, adult athletic leagues, and facility reservations. Operating grants and contributions were minimal and included donations restricted to specific uses. Capital grants and contributions included \$76,822 awarded from the Clean Ohio Conservation Fund for the Holes Creek Bank Restoration and Erosion Control Project.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)
(Continued)**

A ten-year 2.0 mill operating levy approved by voters in 1997 supports Park District operations. These local taxes make up the largest portion of receipts for the Park District.

Disbursements during 2004 included major park development at Oak Grove Park.

The District's Funds

Total governmental funds had receipts of \$2,807,578 and disbursements of \$2,999,767. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$395,311 as the result of increased transfers to the Park Improvement Fund for Oak Grove Park Phase III development. Planned savings in prior years in the General Fund were set aside for this purpose. Park District capital spending monies come from the operating levy. Capital spending levels can vary from year to year as projects are completed as scheduled in the District's ten-year plan.

The Land Acquisition Fund and Washington Township Park Fund continue to grow until the funds are needed for planned land acquisitions in the District.

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, the District received higher property tax revenues, depository interest, and other income than anticipated. The unfavorable variance in intergovernmental revenue was due to a delay in the completion of Phase II construction at Oak Grove Park, which in turn delayed the receipt of the matching Federal Land and Water Conservation Fund grant award. These funds will be received in 2005. The unfavorable variance in donations was due to a delay until 2005 of an anticipated donation from the Centerville United Soccer Association.

Final disbursements were budgeted at \$2,457,975 in the general fund while actual disbursements were \$2,219,795. The savings in the improvements account was primarily for the postponement in the construction of the maintenance building at Oak Grove Park. This construction took place in early 2005. Savings in the operations account included the delay of the roof repair at Park Headquarters until 2005 as well as reduced spending levels in numerous areas.

Capital Assets and Debt Administration

Capital Assets

The District does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2004, the District's outstanding debt included \$735,000 in general obligation bonds issued for park improvements. For further information regarding the District's debt, refer to Note 10 to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Unaudited)
(Continued)**

Current Financial Issues

The voters of Washington Township approved a 0.9 mill, ten-year levy for capital improvements within the District on November 2, 2004. Additional tax collections of approximately \$1.3 million annually will allow the District to follow a ten-year plan for improvements in neighborhood, community, and nature parks to include new play equipment, a zero-depth water play area, a skateboard park, paved walking paths, picnic shelters, a nature program building, athletic facilities at Oak Grove Park, football field enhancements, additional parking, and tennis courts.

The District received \$76,822 from the Clean Ohio Conservation Fund for the Holes Creek Bank Restoration and Erosion Control Project at Grant Park. The District was also awarded a \$200,000 Federal Land and Water Conservation Fund grant for Phase II development at Oak Grove Park. While some of the costs for this project were incurred in 2004, these funds will be reimbursed in 2005.

Contacting the District's Financial Management

This financial report is designed to provide our 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 Barbara B. Smith, Business Manager, Centerville-Washington Park District, 221 N. Main Street, Centerville, OH 45459.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,981,165</u>
Total Assets	<u><u>2,981,165</u></u>
Net Assets:	
Restricted For:	
Capital Projects	2,415,669
Unrestricted	<u>565,496</u>
Total Net Assets	<u><u>\$2,981,165</u></u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General Fund</u>	<u>Park Improvement Fund</u>	<u>Land Acquisition Fund</u>	<u>Debt Service Fund</u>	<u>Washington Township Park Fund</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	<u>\$565,496</u>	<u>\$127,622</u>	<u>\$2,237,229</u>		<u>\$50,818</u>	<u>\$2,981,165</u>
Total Assets	<u>565,496</u>	<u>127,622</u>	<u>2,237,229</u>	<u>0</u>	<u>50,818</u>	<u>2,981,165</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	146,112	127,622				273,734
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	419,384					419,384
Park Improvement Fund						0
Land Acquisition Fund			2,237,229			2,237,229
Debt Service Fund						0
Washington Township Fund					50,818	50,818
Total Fund Balances	<u>\$565,496</u>	<u>\$127,622</u>	<u>\$2,237,229</u>	<u>\$0</u>	<u>\$50,818</u>	<u>\$2,981,165</u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCE:
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General Fund	Park Improvement Fund	Land Acquisition Fund	Debt Service Fund	Washington Township Park Fund	Total Governmental Funds
Cash Receipts:						
General Property Tax	\$2,264,468					\$2,264,468
Intergovernmental Revenue	332,949	76,822				409,771
Gifts and Donations	9,427					9,427
Program Income	67,386					67,386
Depository Interest	36,926					36,926
Other Receipts	19,600					19,600
Total Cash Receipts	2,730,756	76,822				2,807,578
Cash Disbursements:						
Current:						
Salaries - Employees	1,103,573					1,103,573
Improvements	85,664					85,664
Operations	312,208					312,208
Equipment	128,927					128,927
Professional Services	12,985					12,985
Utilities & Fees	163,791					163,791
Office Operations	64,221					64,221
Program/Recreation	32,375					32,375
Capital Outlay		540,774				540,774
Public Employees Retirement	131,218					131,218
Workers' Compensation	22,837					22,837
Other	15,884					15,884
Debt:						
Payment of Principal				\$335,000		335,000
Payment of Interest				50,310		50,310
Total Cash Disbursements	2,073,683	540,774		385,310		\$2,999,767
Total Receipts Over/(Under) Disbursements	657,073	(463,952)		(385,310)		(192,189)
Other Financing Receipts/(Disbursements):						
Transfers-In		587,959	\$78,179	385,310	\$642	1,052,090
Transfers-Out	(1,052,384)					(1,052,384)
Total Other Financing Receipts/(Disbursements)	(1,052,384)	587,959	78,179	385,310	642	(294)
Net Change in Fund Balance	(395,311)	124,007	78,179		642	(192,483)
Fund Cash Balances, Beginning of Year	960,807	3,615	2,159,050		50,176	3,173,648
Fund Cash Balances, End of Year	\$565,496	\$127,622	\$2,237,229	\$0	\$50,818	\$2,981,165

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY 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:				
General Property Tax	\$2,190,909	\$2,190,909	\$2,264,468	\$73,559
Intergovernmental Revenue	485,753	485,753	332,949	(152,804)
Gifts and Donations	30,000	30,000	9,427	(20,573)
Program Income	68,000	68,000	67,386	(614)
Depository Interest	30,000	30,000	36,926	6,926
Other Receipts	5,000	5,000	19,600	14,600
	<u>2,809,662</u>	<u>2,809,662</u>	<u>2,730,756</u>	<u>(78,906)</u>
Disbursements:				
Current:				
Salaries - Employees	1,121,273	1,121,273	1,103,648	17,625
Improvements	250,960	200,960	106,767	94,193
Operations	420,708	420,708	353,075	67,633
Equipment	143,294	134,616	132,305	2,311
Professional Services	36,155	36,155	28,592	7,563
Utilities & Fees	217,711	217,711	204,932	12,779
Office Operations	77,542	77,542	67,508	10,034
Program/Recreation	55,553	55,553	43,704	11,849
Public Employees Retirement	130,000	130,000	131,218	(1,218)
Workers' Compensation	25,000	25,000	22,837	2,163
Unemployment Compensation	1,000	1,000	0	1,000
Other	37,457	37,457	25,209	12,248
	<u>2,516,653</u>	<u>2,457,975</u>	<u>2,219,795</u>	<u>238,180</u>
Total Receipts Over/(Under) Disbursements	293,009	351,687	510,961	159,274
Other Financing Receipts/(Disbursements):				
Transfers-Out	<u>(1,036,507)</u>	<u>(1,095,185)</u>	<u>(1,052,384)</u>	<u>42,801</u>
Net Change in Fund Balance	(743,498)	(743,498)	(541,423)	202,075
Fund Balances, Beginning of Year	802,606	802,606	802,606	
Prior Year Encumbrances Appropriated	<u>158,201</u>	<u>158,201</u>	<u>158,201</u>	
Fund Balances, End of Year	<u>\$217,309</u>	<u>\$217,309</u>	<u>\$419,384</u>	<u>\$202,075</u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
PRIVATE PURPOSE TRUST FUND
DECEMBER 31, 2004**

	William and Dorothy Yeck Nature Fund
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$27,889
Total Assets	<u>27,889</u>
Net Assets:	
Unrestricted	27,889
Total Net Assets	<u>\$27,889</u>

See accompanying notes to the basic financial statements.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
PRIVATE PURPOSE TRUST FUND
DECEMBER 31, 2004**

	<u>William and Dorothy Yeck Nature Fund</u>
Additions:	
Gifts and Donations	\$13,500
Deductions:	
Payments in Accordance with Trust Agreement	<u>6,215</u>
Change in Net Assets Before Transfers In	7,285
Transfers In	<u>294</u>
Change in Net Assets After Transfers In	7,579
Net Assets - Beginning of Year	<u>20,310</u>
Net Assets - End of Year	<u><u>\$27,889</u></u>

See accompanying notes to the basic financial statements.

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**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

1. DESCRIPTION OF THE PARK DISTRICT AND REPORTING ENTITY

The Centerville-Washington Park District, Montgomery County, (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 Montgomery County Court of Common Pleas. 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 the same as the Board deems conducive to the general welfare.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Park District, this includes general operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting the Auditor of State prescribes or permits. This basis of accounting is similar to the cash receipts and disbursements 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.

The District also reports long-term investments as assets, valued at cost.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the year.

A. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as either governmental or fiduciary.

1. Governmental

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non exchange transactions as governmental funds. The following are the Park District's major governmental funds:

General Fund - This 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.

Park Improvement Fund - This fund is used to account for receipts that are restricted for construction of major capital projects partially or fully funded by state or federal grants.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Acquisition Fund - This fund is used to account for receipts that are restricted for land acquisition.

Debt Service Fund - This fund is used to accumulate resources for the payment of bonds and note indebtedness.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Park District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Park District's own programs. The District's only trust fund accounts for monies donated by The William and Dorothy Yeck Family Foundation to be used for funding various park and park improvement projects.

B. Basis of Presentation

The District's basic financial statements consist of a government-wide statement of activities and fund financial statements providing more detailed financial information.

1. Government-wide Financial Statement of Activities

This statement displays information about the District as a whole, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program 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 government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of 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 the cash-basis or draws from the District's general receipts.

2. Fund Financial Statements

Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

C. Cash, Cash Equivalents and Investments

The District deposits and invests cash from all funds in a common pool. The financial statements present each fund's share of interest in the pool as equity in pooled cash and cash equivalents on the financial statements.

The District values investments and cash equivalents at cost. For presentation on the financial statements, the District classifies investments of the cash management pool as cash equivalents.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes the District specified the funds to receive an allocation of interest earnings. Interest earnings credited to General Fund during fiscal year 2004 was \$36,926, including \$29,115 assigned from other funds.

D. Restricted Assets

The financial statements classify cash, cash equivalents and investments as restricted when external limitations change the nature or normal understanding of their use. Creditors, contributors, grantors, laws of other governments or enabling legislation are the sources of the restrictions.

E. Inventory and Prepaid Items

On the modified cash-basis of accounting, inventories of supplies are reported as disbursements when purchased.

F. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

G. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified-cash basis of accounting.

H. Long-term Obligations

These modified-cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

I. Fund Balance Designations and Reserves

The District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. The District has reserved fund equity for encumbrances.

J. Net Assets

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

K. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Budgetary Data

Ohio law requires the District to budget and appropriate all funds. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the District may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the Object level within each fund as its legal level of control.

The certificate of estimated resources may be amended during the year if the District projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

3. CHANGE IN PRESENTATION

For the year ended December 31, 2004, the District implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For the State and Local Governments*. Although the District is reporting on a cash basis financial statements they have implemented new reporting requirements for the cash basis financial statements that changed the fund structure.

4. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during 2004 for real and public utilities property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

4. PROPERTY TAXES (Continued)

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the District. The County Auditor periodically remits to the District its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility, taxes, and outstanding delinquencies which are measurable as of December 31, 2004, and for which there is an enforceable legal claim.

The full tax rate for all District operations for the year ended December 31, 2004, was \$2.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$1,407,708,780
Public Utility Property	33,245,260
Tangible	52,456,057
Totals	\$1,493,410,097

5. DEPOSITS AND INVESTMENTS

Ohio law restricts deposits and investments to the following:

1. Commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts;
2. Money market deposits;
3. Savings accounts or certificates of deposit;
4. United States Treasury securities, or securities of its agencies or instrumentalities the federal government guarantees;
5. No-load money market mutual funds consisting exclusively of obligations described in (4) above and repurchase agreements secured by such obligations;
6. The State Treasurer's investment pool (STAR Ohio, a Rule 2-a7-like pool);
7. Certain bankers' acceptances and commercial paper notes;
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

An investment must mature within five years from the purchase date unless matched to a specific Park District obligation or debt and must be purchased with the expectation it will be held to maturity. Investments may only be made through specified dealers and institutions.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits - At year-end, the carrying amount of the District's deposits was \$1,834,094 and the bank balance was \$1,860,368. \$100,000 of the bank balance was covered by federal depository insurance and \$1,760,368 was uninsured and uncollateralized. Although the District followed all state statutory requirements for these deposits, noncompliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments - The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at December 31, 2004, was \$1,174,960.

6. INTERFUND TRANSFERS

Interfund cash transfers for the year ended December 31, 2004 were as follows:

	Transfer to					
	Park Improvement	Land Acquisition	Debt Service	Washington Township Park	William & Dorothy Yeck Nature	Total
Transfer from:						
Governmental						
Activities:						
General	\$587,959	\$78,179	\$385,310	\$642	\$294	\$1,052,384

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.

The District provides health, dental, vision, disability, and life insurance coverage to full-time employees through private carriers.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

9. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

9. POSTEMPLOYMENT BENEFITS (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund post-employment benefits were \$38,736. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

During December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

10. LONG – TERM LIABILITIES

The changes in the District's long-term obligations during the year consist of the following:

	<u>Balance at January 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2004</u>	<u>Amounts Due in One Year</u>
General Obligation Bonds					
1998 Park Improvement Bonds	\$1,070,000	\$0	\$335,000	\$735,000	\$360,000

The District issued General Obligation Park Improvement Bonds on April 1, 1998, in the amount of \$2,500,000 at a variable rate for a term of eight years to improve the parks. Interest payments are due semi-annually and principal payments are due annually to The Bank of New York Trust Company, Cincinnati, Ohio, the Registrar and Paying Agent. The Bonds are collateralized by the taxing authority of the District.

**CENTERVILLE-WASHINGTON PARK DISTRICT
MONTGOMERY COUNTY**

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

10. LONG – TERM LIABILITIES (Continued)

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

Year ending December 31:	
2005	\$394,733
2006	392,813
Total	<u><u>\$787,546</u></u>

11. SUBSEQUENT EVENTS

The District entered into a real estate purchase agreement for 37.072 acres adjacent to Bill Yeck Park on April 12, 2004. The actual purchase will take place at a later date.

The District issued General Obligation Park Improvement Bonds on March 1, 2005, in the amount of \$2,000,000 at a variable rate for a term of nine years to improve the parks. Interest payments are due semi-annually and principal payments are due annually to The Bank of New York Trust Company, Cincinnati, Ohio, the Registrar and Paying Agent. The Bonds are collateralized by the taxing authority of the District.

The District approved a contract with R.B. Jergens for \$1,175,000 on May 9, 2005 for the construction of Oak Grove Park Phase III.

The District accepted a bid of \$838,400 for the construction of an Activities Center Shelter/Sprayground and Grant Nature Nook Building in November 2005.

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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*

Centerville-Washington Park District
Montgomery County
221 North Main Street
Centerville, Ohio 45459

To the Board of Commissioners:

We have audited the financial statements of the Centerville-Washington Park District, Montgomery County, (the District), as of and for the year ended December 31, 2004, and have issued our report thereon dated November 14, 2005 wherein we noted that the District revised its financial statements for 2004, making them comparable to the requirements of Governmental Auditing Standard Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. 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 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.

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*. In a separate letter to the District's management dated November 14, 2005, we reported other matters related to noncompliance we deemed immaterial.

Centerville-Washington Park District
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, 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

November 14, 2005



**Auditor of State
Betty Montgomery**

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CENTERVILLE WASHINGTON PARK DISTRICT

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
MARCH 9, 2006**