



**Auditor of State
Betty Montgomery**

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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**Auditor of State
Betty Montgomery**

Darke County Park District
Darke County
4267 State Route 502
Greenville, Ohio 45331

To the Board of Commissioners:

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

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 25, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Darke County Park District
Darke County
4267 State Route 502
Greenville, Ohio 45331

To the Board of Commissioners:

We have audited the accompanying financial statements of Darke County Park District, Darke County, (the District), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 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 25, 2006

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$322,690		\$322,690
Intergovernmental	97,344	\$87,970	185,314
Investment Income	2,019		2,019
Gifts and Donations	4,358	9,763	14,121
Sales	8,308		8,308
Other Receipts	8,286		8,286
	<u>443,005</u>	<u>97,733</u>	<u>540,738</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries - Employees	265,939		265,939
Supplies	27,853	8,982	36,835
Utilities	15,752		15,752
Equipment	2,970		2,970
Contracts - Services	14,926	7,369	22,295
Rentals/Leases	26,625		26,625
Advertising and Printing	1,086		1,086
Travel /Training	1,681		1,681
Insurance	2,078		2,078
Grants to Subdivisions	23,494		23,494
Capital Outlay	38,875	75,305	114,180
Other	16,095		16,095
Debt:			
Payment of Principal	20,000		20,000
Payment of Interest	516		516
	<u>457,890</u>	<u>91,656</u>	<u>549,546</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(14,885)</u>	<u>6,077</u>	<u>(8,808)</u>
Other Financing Receipts/(Disbursements):			
Sale of Notes	20,000		20,000
Transfers-In	11,866	6,919	18,785
Advances-In	30,000	30,000	60,000
Transfers-Out	(6,919)	(11,866)	(18,785)
Advances-Out	(30,000)	(30,000)	(60,000)
Other Sources	38		38
Other Uses		(100)	(100)
	<u>24,985</u>	<u>(5,047)</u>	<u>19,938</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,100	1,030	11,130
Fund Cash Balances, January 1	<u>22,185</u>	<u>3,754</u>	<u>25,939</u>
Fund Cash Balances, December 31	<u>\$32,285</u>	<u>\$4,784</u>	<u>\$37,069</u>
Reserves for Encumbrances, December 31	<u>\$1,016</u>	<u>\$0</u>	<u>\$0</u>

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

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

	<u>Governmental Fund Type</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Taxes	\$321,912			\$321,912
Intergovernmental	73,002	\$1,929		74,931
Investment Income	2,255			2,255
Gifts and Donations	11,243	12,085		23,328
Sales	9,400			9,400
Other Receipts	16,045			16,045
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	433,857	14,014		447,871
Cash Disbursements:				
Current:				
Salaries - Employees	239,157			239,157
Supplies	19,722	38,755		58,477
Utilities	14,304			14,304
Equipment	3,896			3,896
Contracts - Services	30,938			30,938
Rentals/Leases		2,950		2,950
Advertising and Printing	3,656			3,656
Insurance	2,387			2,387
Grants to Subdivisions	29,943			29,943
Debt:				
Payment of Principal			\$115,000	115,000
Payment of Interest			3,163	3,163
Other	40,167			40,167
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	384,170	41,705	118,163	544,038
Total Receipts Over/(Under) Disbursements	49,687	(27,691)	(118,163)	(96,167)
Other Financing Receipts/(Disbursements):				
Transfers-In		529	118,163	118,692
Transfers-Out	(118,692)			(118,692)
Other Sources	487			487
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(118,205)	529	118,163	487
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(68,518)	(27,162)		(95,680)
Fund Cash Balances, January 1	90,703	30,916		121,619
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$22,185	\$3,754	\$0	\$25,939
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$180	\$0	\$0	\$180
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The notes to the financial statements are an integral part of this statement.

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Darke County Park District, Darke County, (the District) as a body corporate and politic. The probate judge of Darke County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Commissioners may convert acquired land into forest reserves. The Commissioners are also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare.

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

B. Basis of Accounting

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

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

C. Cash and Investments

As the Ohio Revised Code permits, the Darke County Treasurer holds the District's cash as the District's custodian. The County holds the District's assets in its investment pool, valued at the 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.

2. Special Revenue Funds

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

Special Projects Fund – This fund receives donations for specific projects which the Park District has undertaken.

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Alice Bish Canoe Launch Fund – This fund receives monies for the development of a canoe launch pad in the Alice Bish Park with the assistance of an Ohio Department of Natural Resources, Division of Watercraft, and Cooperative Boating Facility Grant.

FEMA Fund – This fund received monies from the Federal Emergency Management Disaster Relief Program for snow and ice damage to park facilities.

Issue II Money Fund – This fund recorded monies expended on behalf of the Park District through the Ohio Department of Transportation Park District Road Improvement Allocation.

3. Debt Service Funds

These funds account for resources the District accumulates to pay bond and note indebtedness:

Bond Retirement Nature Center Fund – The fund receives transfers from the General Fund to retire the Nature Center debt obligation.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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 2.

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. Accumulated Leave

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

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

2. BUDGETARY ACTIVITY

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

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$511,518	\$504,909	(\$6,609)
Special Revenue	135,380	134,652	(728)
Total	<u>\$646,898</u>	<u>\$639,561</u>	<u>(\$7,337)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$533,702	\$495,825	\$37,877
Special Revenue	139,134	133,622	5,512
Total	<u>\$672,836</u>	<u>\$629,447</u>	<u>\$43,389</u>

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$477,899	\$434,344	(\$43,555)
Special Revenue	14,543	14,543	0
Debt Service	118,163	118,163	0
Total	<u>\$610,605</u>	<u>\$567,050</u>	<u>(\$43,555)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$568,172	\$503,042	\$65,130
Special Revenue	45,459	41,705	3,754
Debt Service	118,163	118,163	0
Total	<u>\$731,794</u>	<u>\$662,910</u>	<u>\$68,884</u>

3. PROPERTY TAX

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

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

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

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

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

4. DEBT

Debt outstanding at December 31, 2005

	<u>Principal</u>	<u>Interest Rate</u>
Wells Fargo Financial, lease/purchase-Sharp AR-M350NB Copier 48 monthly payments @ \$225.21 beginning January 16, 2004 \$10,810 financed January 16, 2004, \$1.00 buyout	\$ 5,630	6.125%
Second National Bank, lease/purchase-John Deere 4310 Compact Tractor and related attachments 60 monthly payments @ \$349.88 beginning April 1, 2004 \$18,720 financed March 12, 2004	\$12,670	4.5%
Greenville National Bank, vehicle loan-2002 Ford F250 Truck 48 monthly payments @ \$462.81 beginning November 13, 2005 \$20,000 financed October 14, 2005	<u>\$19,235</u>	5.25%
Total Principal Due	<u><u>\$37,535</u></u>	

The Park District issued a General Obligation Park Improvement Bond on March 1, 1997, in the amount of \$650,000 at 5.2% to 5.5% for a term of seven years to improve parks and to acquire additional park land. Interest and principal payments were due semi-annually to the Second National Bank of Greenville. The Bond was collateralized by the taxing authority of the Park District. This Bond debt was extinguished on April 1, 2004, with a final payment of principle and interest of \$118,163 to Second National Bank.

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

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2006	\$10,748	\$1,356
2007	11,466	988
2008	9,428	548
2009	5,893	133
Total	<u>\$37,535</u>	<u>\$3,025</u>

5. RETIREMENT SYSTEM

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

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

**DARKE COUNTY PARK DISTRICT
DARKE COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Management cannot presently determine amounts which may be disallowed, if any. 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***

Darke County Park District
Darke County
4267 State Route 502
Greenville, Ohio 45331

To the Board of Commissioners:

We have audited the financial statements of the Darke County Park District, Darke County, (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 25, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated July 25, 2006, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated July 25, 2006, we reported other matters related to noncompliance we deemed immaterial.

Darke County Park District
Darke 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 management and 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 25, 2006

DARKE COUNTY PARK DISTRICT
DARKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED 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 5705.41(D)	Yes	



**Auditor of State
Betty Montgomery**

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DARKE COUNTY PARK DISTRICT

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 24, 2006**