



**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, AND 2004



Mary Taylor, CPA
Auditor of State

**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

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Mary Taylor, CPA

Auditor of State

Madison County Park District
Madison County
1 North Main Street
P.O. Box 47
London, Ohio 43140

To the Park 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 an 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 adverse 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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 13, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Madison County Park District
Madison County
1 North Main Street
P.O. Box 47
London, Ohio 43140

To the Park Board of Commissioners:

We have audited the accompanying financial statement of the Madison County Park District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2006, 2005, and 2004. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 this financial statement 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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 statement referred to above for the years ended December 31, 2006, 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, 2006, 2005, and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Madison County Park District, Madison County, Ohio, as of December 31, 2006, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 13, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 13, 2007

**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005, 2004**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash Receipts:			
Grants	\$0	\$13,080	\$7,482
Gifts and Donations	0	0	5,000
Other Receipts	0	26	0
	<u>0</u>	<u>13,106</u>	<u>12,482</u>
Total Cash Receipts	<u>0</u>	<u>13,106</u>	<u>12,482</u>
Cash Disbursements:			
Current:			
Supplies	403	181	535
Materials	0	1,000	530
Contracts - Repair	0	1,049	0
Contracts - Services	14,349	6,340	842
Advertising and Printing	0	308	0
Capital Outlay	2,013	12,028	8,146
	<u>16,765</u>	<u>20,906</u>	<u>10,053</u>
Total Cash Disbursements	<u>16,765</u>	<u>20,906</u>	<u>10,053</u>
Total Receipts Over/(Under) Disbursements	<u>(16,765)</u>	<u>(7,800)</u>	<u>2,429</u>
Other Financing Receipts:			
Contributions	<u>10,000</u>	<u>7,000</u>	<u>11,000</u>
Total Other Financing Receipts	<u>10,000</u>	<u>7,000</u>	<u>11,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(6,765)	(800)	13,429
Cash Balance, January 1	<u>12,629</u>	<u>13,429</u>	<u>0</u>
Cash Balance December 31	<u><u>\$5,864</u></u>	<u><u>\$12,629</u></u>	<u><u>\$13,429</u></u>

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

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**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006, 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 Madison County Park District, Madison County, Ohio (the District) as a body corporate and politic. The probate judge of Madison 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 Friends of the Madison County Parks and Trails (the Friends) is considered a component unit of the District because of its close relationship with the District. The Friends was organized to provide services specifically for the District. The Friends does not issue separate financial statements and financial information is not included on the District's financial statements. To obtain information on the Friends, contact Bill Young, Treasurer, at P.O. Box 308, London, Ohio, 43140.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code permits, the Madison 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.

**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005, AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The Ohio Revised Code requires the Board of Commissioners to budget 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. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2006, 2005 and 2004 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006, December 31, 2005 and December 31, 2004 follows:

Budgeted vs. Actual Receipts			
Year	Budgeted Receipts	Actual Receipts	Variance
2006	\$5,000	\$10,000	\$5,000
2005	21,000	20,106	(894)
2004	11,000	23,482	12,482

Budgeted vs. Actual Budgetary Basis Expenditures			
Year	Appropriation Authority	Budgetary Expenditures	Variance
2006	\$23,000	\$16,765	\$6,235
2005	33,692	20,906	12,786
2004	10,053	10,053	0

**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004
(Continued)**

3. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for comprehensive property and general liability risks.

4. SUBSEQUENT EVENTS

In January 2007, the District received grant approval for an amount not to exceed \$210,000 from the Clean Ohio Trail Fund for trail construction.

The District also received a \$400,000 grant from the State Capital Improvements Budget in January 2007 for trail payment.

5. Related Party Transactions

Madison County contributed \$10,000 in 2006, \$7,000 in 2005, and \$11,000 in 2004 to the District. These contributions were used to help defray operating cost of the District.

The Friends of the Madison County Parks and Trails is a component unit of the Park District. In 2004, the Friends donated \$5,000 to the District for use in renovating the trail head and constructing a shelter house.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Madison County Park District
Madison County
1 North Main Street
P.O. Box 47
London, Ohio 43140

To the Park Board of Commissioners:

We have audited the financial statement of the Madison County Park District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2006, 2005, and 2004, and have issued our report thereon dated July 13, 2007, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe all of the significant deficiencies described above are also 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We noted a certain noncompliance or other matter that we reported to the District's management in a separate letter dated July 13, 2007.

We intend this report solely for the information and use of the audit committee, management and Park Board of Commissioners. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 13, 2007

**MADISON COUNTY PARK DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2006-001
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Significant Deficiency – Material Weakness

Monitoring Review by Park Board

The Park Board should have monitoring controls in place over expenditure and receipt transactions, as well as proper financial disclosure of account balances. The Park Board should review a detailed list of expenditures and receipts to ensure authorization of expenditures and proper posting of all transactions. The Park Board should also review a financial report package monthly to ensure accuracy and reasonableness of account balances. This report package should include budget vs. actual statements. These reviews should be documented along with other official actions in the Park Board minutes.

The Park Board does not perform a review of expenditures, receipts, or account balances to ensure management's assertions of authorization and transaction classification are met by the District. This led to material reclassifications in 2004, 2005 and 2006 to the District's financial statement.

The Park Board does not perform a review of budget vs. actual receipts or expenditures. This could lead to budgetary noncompliance and unbudgeted transactions going undetected.

We recommend the Park Board perform a review of transactions and budget vs. actual revenues and expenditures of the Park District Fund at least monthly. This review should include a financial reporting package and should be documented in detail in the minutes of the Park Board.

Finding Number	2006-002
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Material Non-Compliance – Significant Deficiency – Material Weakness

Interest Earned on Park District Money

Ohio Rev. Code Section 1545.22(B)(1) requires interest earned on all funds under control of the board of park commissioners to be credited to such funds.

Madison County has not posted any interest to the Park District Fund. Because of this, interest due to the Park District has been allocated to other funds and has not been available to the Park District.

We recommend that the Park District Board and the County Treasurer calculate the amount of interest that is due to the Park District and transfer this money into the Park District Fund. We also recommend when the County Treasurer posts interest to other funds, or at a minimum annually, the interest earned on the funds under the control of the Park Board be credited to the Park District Fund.

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



Mary Taylor, CPA
Auditor of State

PARK DISTRICT

MADISON 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
SEPTEMBER 18, 2007**