



Mary Taylor, CPA
Auditor of State

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

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Mary Taylor, CPA

Auditor of State

Portage County Park District
Portage County
128 N. Prospect Street
Ravenna, Ohio 44266

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 an 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 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.

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Mary Taylor, CPA
Auditor of State

October 20, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Portage County Park District
Portage County
128 N. Prospect Street
Ravenna, Ohio 44266

To the Board of Commissioners:

We have audited the accompanying financial statements of the Portage County Park District, Portage County, (the District) as of and for the years ended December 31, 2007 and 2006. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Portage County Park District
Portage County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Portage County Park District, Portage County, as of December 31, 2007 and 2006, and its combined 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 October 20, 2008, 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

October 20, 2008

PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Intergovernmental	\$215,014	\$0	\$34,000	\$249,014
Earnings on Investments	9,959	0	0	9,959
Gifts and Donations	15,250	0	0	15,250
Miscellaneous	12,909	0	0	12,909
Total Cash Receipts	<u>253,132</u>	<u>0</u>	<u>34,000</u>	<u>287,132</u>
Cash Disbursements:				
Current Disbursements:				
Salaries	115,255	0	0	115,255
Contractual Services	60,351	0	0	60,351
Materials and Supplies	15,295	0	0	15,295
Other	9,959	0	0	9,959
Capital Outlay	888	0	0	888
Debt Service:				
Redemption of Principal	83,613	0	4,800	88,413
Total Cash Disbursements	<u>285,361</u>	<u>0</u>	<u>4,800</u>	<u>290,161</u>
Total Receipts Over/(Under) Disbursements	<u>(32,229)</u>	<u>0</u>	<u>29,200</u>	<u>(3,029)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Stock	74,150	0	0	74,150
Other Debt Proceeds	177,000	0	0	177,000
Advances-In	0	0	177,000	177,000
Advances-Out	(177,000)	0	0	(177,000)
Total Other Financing Receipts / (Disbursements)	<u>74,150</u>	<u>0</u>	<u>177,000</u>	<u>251,150</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	41,921	0	206,200	248,121
Fund Cash Balances, January 1	113,846	838	91,314	205,998
Fund Cash Balances, December 31	<u>\$155,767</u>	<u>\$838</u>	<u>\$297,514</u>	<u>\$454,119</u>

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

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Intergovernmental	\$146,345	\$4,905	\$373,440	\$524,690
Earnings on Investments	6,165	0	0	6,165
Gifts and Donations	14,536	0	400	14,936
Miscellaneous	30,422	0	0	30,422
Total Cash Receipts	<u>197,467</u>	<u>4,905</u>	<u>373,840</u>	<u>576,212</u>
Cash Disbursements:				
Current Disbursements:				
Salaries	103,919	0	0	103,919
Contractual Services	53,317	9,150	1,586	64,053
Materials and Supplies	18,420	0	0	18,420
Capital Outlay	4,373	0	7,846	12,219
Debt Service:				
Redemption of Principal	414,174	0	0	414,174
Total Cash Disbursements	<u>594,203</u>	<u>9,150</u>	<u>9,432</u>	<u>612,785</u>
Total Receipts Over/(Under) Disbursements	<u>(396,736)</u>	<u>(4,245)</u>	<u>364,408</u>	<u>(36,573)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Stock	85,429	0	0	85,429
Sale of Fixed Assets	1,650	0	0	1,650
Transfers-In	0	0	15,000	15,000
Transfers-Out	(15,000)	0	0	(15,000)
Advances-In	378,848	0	0	378,848
Advances-Out	0	0	(378,848)	(378,848)
Total Other Financing Receipts / (Disbursements)	<u>450,927</u>	<u>0</u>	<u>(363,848)</u>	<u>87,079</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>54,192</u>	<u>(4,245)</u>	<u>560</u>	<u>50,507</u>
Fund Cash Balances, January 1	<u>59,653</u>	<u>5,083</u>	<u>90,754</u>	<u>155,490</u>
Fund Cash Balances, December 31	<u>\$113,845</u>	<u>\$838</u>	<u>\$91,314</u>	<u>\$205,997</u>

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

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Portage County Park District, Portage County, (the District) as a body corporate and politic. The probate judge of Portage County appoints a five-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. Accounting Basis

These financial statements follow 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).

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 Portage 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 reports 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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant special revenue fund:

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Breakneck Creek Watershed - This fund receives proceeds from grants for the preservation of Breakneck Creek.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant capital project funds:

Franklin Connector Trail Improvement Fund - This fund receives proceeds from grants for the improvement of a park trail.

Headwaters Trail Improvement Fund - This fund receives proceeds from grants for the improvement of a park trail.

Towner's Woods Rail Construction Fund - This fund receives proceeds from grants for the construction of a park trail.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted 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 District Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 2.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$643,446	\$504,282	(\$139,164)
Special Revenue	757	0	(757)
Capital Projects	317,401	34,000	(283,401)
Total	\$961,604	\$538,282	(\$423,322)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$598,773	\$285,361	\$313,412
Special Revenue	0	0	0
Capital Projects	236,713	4,800	231,913
Total	\$835,486	\$290,161	\$545,325

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$714,506	\$284,547	(\$429,959)
Special Revenue	10,001	4,905	(5,096)
Capital Projects	460,992	388,840	(72,152)
Total	\$1,185,499	\$678,292	(\$507,207)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$681,654	\$609,203	\$72,451
Special Revenue	10,000	9,150	850
Capital Projects	436,699	9,432	427,267
Total	\$1,128,353	\$627,785	\$500,568

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. DEBT

Debt outstanding at December 31, 2007 was as follows:

Grant Loans from Portage County	\$40,000	0%
Land Purchase Loan	217,200	5%
Hike and Bike Trail Loan	177,000	0%
Total	\$434,200	

Grant Loans From Portage County

In August 2004 the District entered into an interest free loan agreement with the Portage County Commissioners in the amount of \$370,561 in anticipation of the District's receipt of various grant funds. The County Commissioners extended the \$40,000 remaining balance to be paid by December 31, 2010.

Land Purchase Loan

The District assumed a mortgage note in August 2005 in the amount of \$362,000 at 5 percent for a term of 5 years to purchase additional land. Five annual payments of \$83,613 are due to the seller by August 1, 2006-2010. The District has a pledge agreement from a donor to receive 5 annual donations in the amount of \$83,613, starting August 1, 2006.

Hike and Bike Trail Loan

On July 19, 2007, the District entered into an interest free loan agreement with the Portage County Commissioners in the amount of \$177,000 for the new Portage Hike and Bike Trail Project, the monies are to be paid to the County by December 31, 2009.

These debts are backed by the full faith of the District.

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

	Grant Loans From Portage County	Land Purchase Loan	Hike and Bike Trail Loan
Year ending December 31:			
2008	\$0	\$83,613	\$0
2009	0	83,613	177,000
2010	40,000	83,613	0
Total	\$40,000	\$250,839	\$177,000

4. RETIREMENT SYSTEMS

The Ohio Public Employees Retirement System (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 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

**PORTAGE COUNTY PARK DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT

Risk Pool Membership

The Commission is a member of the County Risk Sharing Authority, Inc. (CORSA) which is a property and liability self insurance pool that was established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners from the member counties. The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk sharing pool among sixty two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, public official's liability and police professional insurance.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The Commission does not have an equity interest in CORSA.

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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*

Portage County Park District
Portage County
128 N. Prospect Street
Ravenna, Ohio 44266

To the Board of Commissioners:

We have audited the financial statements of the Portage County Park District, Portage County, (the District) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 20, 2008, 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

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

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

Mary Taylor, CPA
Auditor of State

October 20, 2008



Mary Taylor, CPA
Auditor of State

PORTAGE COUNTY PARK DISTRICT

PORTAGE 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
NOVEMBER 13, 2008**